



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

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FOR RELEASE March 24, 2014

515/281-5834

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

The County had local tax revenue of \$18,222,184 for the year ended June 30, 2013, which included \$770,306 in tax credits from the state. The County forwarded \$12,236,182 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,986,002 of the local tax revenue to finance County operations, a 1.7% increase over the prior year. Other revenues included charges for service of \$746,904, operating grants, contributions and restricted interest of \$2,972,077, local option sales tax of \$515,784, unrestricted investment earnings of \$1,948 and other general revenues of \$370,102.

Expenses for County operations for the year ended June 30, 2013 totaled \$9,506,020, a 19.0% decrease from the prior year. Expenses included \$4,159,997 for roads and transportation, \$1,534,057 for public safety and legal services and \$1,001,126 for administration.

The significant decrease in expenses is due primarily to declines in mental health and secondary roads activity during the current year.

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 Office of Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0088-B00F.pdf>.

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UNION COUNTY

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

JUNE 30, 2013

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Union County

Officials

Before January 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Brown	Board of Supervisors	Jan 2013*
Robert G. Brown	Board of Supervisors	Jan 2013
Robert Jansen	Board of Supervisors	Jan 2013
Lois Monday	Board of Supervisors	Jan 2013*
Ron Riley	Board of Supervisors	Jan 2013*
Sandy Hysell	County Auditor	Jan 2013
Kelly Busch	County Treasurer	Jan 2015
Paula White	County Recorder	Jan 2015
Rick L. Piel	County Sheriff	Jan 2013
Timothy R. Kenyon	County Attorney	Jan 2015
Steven Gene Haner	County Assessor	Jan 2016

* - Board member terms were reduced to 2 years to begin the Board of Supervisor's transition plan for changing from a 5 member Board to a 3 member Board.

After January 2013

Ron Riley	Board of Supervisors	Jan 2015
Dennis Brown	Board of Supervisors	Jan 2017
Lois Monday	Board of Supervisors	Jan 2017
Sandy Hysell	County Auditor	Jan 2017
Kelly Busch	County Treasurer	Jan 2015
Paula White	County Recorder	Jan 2015
Rick L. Piel	County Sheriff	Jan 2017
Timothy R. Kenyon	County Attorney	Jan 2015
Steven Gene Haner	County Assessor	Jan 2016

Union County



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Independent Auditor's Report

To the Officials of Union 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 Union 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 Union 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 Union 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 three years ended June 30, 2012 and for the two years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the four years ended June 30, 2009 (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 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 2014 on our consideration of Union 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 Union County's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 19, 2014

Union County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Union County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013 along with comparative data for the year ended June 30, 2012. 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 6.29%, or approximately \$711,000, from fiscal year 2012 to fiscal year 2013. Property and other county tax increased approximately \$77,000 over fiscal year 2012. Operating grants, contributions and restricted interest decreased approximately \$693,000 and charges for service decreased approximately \$249,000.
- Program expenses of the County's governmental activities decreased 19.01%, or approximately \$2,231,000. Mental health expenses decreased approximately \$1,088,000 and roads and transportation expenses decreased approximately \$1,129,000.
- The County's net position increased approximately \$1,087,000 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 Union 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 Union County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide financial information about activities for which Union 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 funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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 about activities in a way that 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 event or change occurs, regardless of the timing of related cash flows. Therefore, 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, 3) the Debt Service Fund and 4) the Capital Projects 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 government 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) The proprietary fund accounts 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 and cannot be used to support the County's own programs. The fiduciary funds include Agency Funds that account for the Prairie Solid Waste Agency 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. The analysis below shows the changes in the net position of governmental activities from a year ago.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 11,512	11,498
Capital assets	14,230	14,456
Total assets	25,742	25,954
Long-term liabilities	10,735	11,979
Other liabilities	6,899	6,955
Total liabilities	17,634	18,934
Net assets:		
Net investment in capital assets	5,376	4,735
Restricted	1,915	2,219
Unrestricted	817	67
Total net position	\$ 8,108	7,021

Net position of Union County's governmental activities increased 15.5%, or \$1,086,797, during the year. A portion of the County's net position is invested in capital assets (i.e. land, buildings, infrastructure 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 \$67,495 at June 30, 2012 to \$816,787 at the end of this year, primarily due to the Special Revenue, Mental Health Fund balance increasing to \$61,690 from a prior year deficit of \$443,443.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2013	2012
Revenues:		
Program revenues:		
Charges for service	\$ 747	996
Operating grants, contributions and restricted interest	2,972	3,665
General revenues:		
Property and other county tax	5,444	5,367
Tax increment financing	298	311
Penalty and interest on property tax	72	70
State tax credits	245	207
Local option sales tax	516	503
Grants and contributions not restricted to specific purposes	-	16
Unrestricted investment earnings	2	51
Gain on disposition of capital assets	40	-
Other general revenues	257	118
Total revenues	<u>10,593</u>	<u>11,304</u>
Program expenses:		
Public safety and legal services	1,534	1,466
Physical health and social services	490	450
Mental health	879	1,967
County environment and education	466	733
Roads and transportation	4,160	5,289
Governmental services to residents	458	392
Administration	1,001	973
Interest on long-term debt	445	464
Non-program	73	3
Total expenses	<u>9,506</u>	<u>11,737</u>
Change in net position	1,087	(433)
Net position beginning of year	7,021	7,454
Net position end of year	<u>\$ 8,108</u>	<u>7,021</u>

Overall, revenues decreased approximately \$711,000, or 6.29%, during the year. The decrease is primarily due to a decrease in operating grants, contributions and restricted interest.

The cost of all governmental activities this year was approximately \$9.5 million compared to approximately \$11.7 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$5.8 million because some of the cost was paid by those directly benefited from the programs (\$746,904) or by other governments and organizations which subsidized certain programs with grants and contributions (\$2,972,077). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2013 from approximately \$4,661,000 to approximately \$3,719,000, principally due to receiving significantly less mental health funding in fiscal year 2013. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general revenues.

INDIVIDUAL MAJOR FUND ANALYSIS

As Union County completed the year, its governmental funds reported a combined fund balance of \$4,340,658 compared to of \$4,084,540 at June 30, 2012, an increase of \$256,118. The increase in fund balance is primarily attributable to a decrease in expenditures from fiscal year 2012.

- The General Fund, the operating fund for Union County, ended fiscal year 2013 with a balance of \$1,085,377, an increase of \$166,754 over the fiscal year 2012 ending balance of \$918,623. The increase in fund balance is due to revenues continuing to exceed expenditures.
- The County has continued to look for ways to effectively manage the cost of mental health services. The Special Revenue, Mental Health Fund balance at year-end increased \$505,133, from a deficit fund balance of \$443,443 to a balance of \$61,690. In fiscal year 2013, the County received transition funds from the Iowa Department of Human Services of approximately \$598,000. Mental Health Fund expenditures decreased from \$1,967,367 in fiscal year 2012 to \$878,989 in fiscal year 2013, primarily due to the reorganization of mental health services.
- The Special Revenue, Rural Services Fund ending fund balance decreased \$80,313, or 38.14%, from the prior year to \$130,267. The decrease in fund balance was the result of an increase in operating transfers to the Special Revenue, Secondary Roads Fund of approximately \$90,600.
- The Special Revenue, Secondary Roads Fund ended fiscal year 2013 with a \$830,852 fund balance, a decrease of \$258,468 compared to the prior year ending fund balance of \$1,089,320. The decrease in fund balance is primarily due to an increase in capital projects expenditures of approximately \$318,000.
- The Debt Service Fund balance increased from \$1,592,639 at the end of fiscal year 2012 to \$1,731,432 at the end of fiscal year 2013. The fund balance increased as a result of a decrease in debt service payments of approximately \$170,000.
- The Capital Projects Fund balance decreased approximately \$147,000 from \$261,638 at the end of fiscal year 2012 to \$114,716. The change in fund balance can be attributed to overall expenditures being slightly larger than revenues.

BUDGETARY HIGHLIGHTS

Over the course of the year, Union County amended its budget twice. The amendments were made in October 2012 and May 2013 and resulted in an increase in budgeted disbursements, primarily due to increases for public safety and roads and transportation.

The County's receipts were \$2,387,083 less than budgeted, a variance of 18.6%. The most significant variance resulted from intergovernmental revenues being far less than expected.

Total disbursements were \$5,033,125 less than the amended budget. The most significant variances resulted from mental health and county environment and education disbursements being far less than expected. The County had budgeted to receive a significant amount of CDBG funds. However, those funds were not received in fiscal year 2013.

The County's disbursements did not exceed the budget in any function for the year ended June 30, 2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Union County had approximately \$14.2 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$226,000, or 1.6%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 254	254
Buildings	550	602
Improvements other than buildings	24	27
Equipment and vehicles	1,320	1,416
Infrastructure	12,082	12,157
Total	\$ 14,230	14,456

This year's major additions were Secondary Roads Department equipment of \$211,282 and road and bridge construction of \$519,345.

Union County had depreciation expense of \$956,737 in fiscal year 2013 and total accumulated depreciation of \$7,060,158 at June 30, 2013. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2013, Union County had approximately \$10,024,000 of general obligation bonds, notes and other debt outstanding, compared to approximately \$11,313,000 at June 30, 2012, as shown below:

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2013	2012
Capital lease purchase agreement	\$ 96	141
General obligation bonds	8,713	9,737
General obligation notes	45	205
General obligation solid waste disposal notes	1,170	1,230
Total	\$ 10,024	11,313

In fiscal year 2013, the County issued no new debt. Principal paid on general obligation bonds and notes totaled \$1,243,877 during the year ended June 30, 2013. Principal payments made in fiscal year 2013 on the capital lease purchase agreement totaled \$45,278.

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. Union County's constitutional debt limit is approximately \$39 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

Union County's elected officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.3% versus 4.9% a year ago. This compares with the State's unemployment rate of 4.2% and the national rate of 6.7%.

These indicators were taken into account when adopting the budget for fiscal year 2014. Amounts available for appropriation in the operating budget are approximately \$10.6 million, a decrease of 31% from the final fiscal year 2013 budget. The property tax rate for urban areas declined from \$10.8212 per \$1,000 of taxable valuation to \$10.10774 per \$1,000 of taxable valuation for fiscal year 2014. The property tax rates in rural areas declined from \$14.3669 per \$1,000 of taxable valuation to \$13.79575 per \$1,000 of taxable valuation. The County is working to lower its debt and tax rates.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Union 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 Union County Auditor's Office, 300 N. Pine, Creston, Iowa 50801.

Union County

Basic Financial Statements

Exhibit A

Union County
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 4,269,023
Receivables:	
Property tax:	
Delinquent	20,344
Succeeding year	5,548,000
Interest and penalty on property tax	65,842
Loan	1,095,848
Accounts	13,585
Due from other governments	303,612
Inventories	195,013
Capital assets, net of accumulated depreciation	14,230,210
Total assets	<u>25,741,477</u>
Liabilities	
Accounts payable	333,454
Salaries and benefits payable	34,350
Accrued interest payable	32,539
Due to other governments	950,831
Deferred revenue:	
Succeeding year property tax	5,548,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	47,099
General obligation bonds	1,057,720
General obligation notes	10,000
General obligation solid waste disposal notes	65,000
Compensated absences	119,008
Portion due or payable after one year:	
Capital lease purchase agreement	48,996
General obligation bonds	7,655,000
General obligation notes	35,000
General obligation solid waste disposal notes	1,105,000
Compensated absences	49,702
Net OPEB liability	542,000
Total liabilities	<u>17,633,699</u>
Net Position	
Net investment in capital assets	5,376,395
Restricted for:	
Supplemental levy purposes	155,250
Mental health	61,790
Rural services purposes	130,267
Secondary roads purposes	512,587
Debt service	529,124
Capital projects	114,716
Other purposes	410,862
Unrestricted	816,787
Total net position	<u>\$ 8,107,778</u>

See notes to financial statements.

Union County
Statement of Activities
Year ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 1,534,057	133,545	16,726	(1,383,786)
Physical health and social services	489,493	24,781	115,096	(349,616)
Mental health	878,989	13,718	617,999	(247,272)
County environment and education	465,633	162,758	77,485	(225,390)
Roads and transportation	4,159,997	87,268	2,108,981	(1,963,748)
Governmental services to residents	458,219	228,938	-	(229,281)
Administration	1,001,126	25,503	30,188	(945,435)
Interest on long-term debt	445,236	-	-	(445,236)
Non-program	73,270	70,393	5,602	2,725
Total	\$ 9,506,020	746,904	2,972,077	(5,787,039)
General Revenues:				
Property and other county tax levied for:				
General purposes				4,215,755
Debt service				1,227,868
Tax increment financing				297,725
Penalty and interest on property tax				72,520
State tax credits				244,654
Local option sales tax				515,784
Unrestricted investment earnings				1,948
Gain on disposition of capital assets				40,000
Miscellaneous				257,582
Total general revenues				<u>6,873,836</u>
Change in net position				1,086,797
Net position beginning of year				<u>7,020,981</u>
Net position end of year				<u><u>\$ 8,107,778</u></u>

See notes to financial statements.

Union County
Balance Sheet
Governmental Funds

June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 1,133,683	1,026,159	135,121	536,423
Receivables:				
Property tax:				
Delinquent	15,587	100	4,426	-
Succeeding year	2,803,000	569,000	871,000	-
Interest and penalty on property tax	65,842	-	-	-
Loan	-	-	-	-
Accounts	13,427	-	-	-
Due from other governments	43,499	-	35,639	224,474
Inventories	-	-	-	195,013
Total assets	\$ 4,075,038	1,595,259	1,046,186	955,910
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 79,795	38,768	34,473	97,035
Salaries and benefits payable	11,030	-	5,932	17,388
Due to other governments	14,407	925,701	88	10,635
Deferred revenue:				
Succeeding year property tax	2,803,000	569,000	871,000	-
Other	81,429	100	4,426	-
Total liabilities	2,989,661	1,533,569	915,919	125,058
Fund balances:				
Nonspendable:				
Inventories	-	-	-	195,013
Restricted for:				
Supplemental levy purposes	157,179	-	-	-
Mental health purposes	-	61,690	-	-
Rural services purposes	-	-	130,267	-
Secondary roads purposes	-	-	-	635,839
Conservation land acquisition/ capital improvements	24,538	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Care facility	19,166	-	-	-
Commissary	4,924	-	-	-
Inmate medical	50,077	-	-	-
Unassigned	829,493	-	-	-
Total fund balances	1,085,377	61,690	130,267	830,852
Total liabilities and fund balances	\$ 4,075,038	1,595,259	1,046,186	955,910

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
635,565	114,702	386,225	3,967,878
231	-	-	20,344
1,021,000	-	284,000	5,548,000
-	-	-	65,842
1,095,848	-	-	1,095,848
19	14	99	13,559
-	-	-	303,612
-	-	-	195,013
<u>2,752,663</u>	<u>114,716</u>	<u>670,324</u>	<u>11,210,096</u>
-	-	-	250,071
-	-	-	34,350
-	-	-	950,831
1,021,000	-	284,000	5,548,000
231	-	-	86,186
<u>1,021,231</u>	<u>-</u>	<u>284,000</u>	<u>6,869,438</u>
-	-	-	195,013
-	-	-	157,179
-	-	-	61,690
-	-	-	130,267
-	-	-	635,839
-	-	-	24,538
1,731,432	-	-	1,731,432
-	114,716	-	114,716
-	-	386,324	386,324
-	-	-	19,166
-	-	-	4,924
-	-	-	50,077
-	-	-	829,493
<u>1,731,432</u>	<u>114,716</u>	<u>386,324</u>	<u>4,340,658</u>
<u>2,752,663</u>	<u>114,716</u>	<u>670,324</u>	<u>11,210,096</u>

Union County

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

June 30, 2013

Total governmental fund balances (page 21) \$ 4,340,658

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 capital assets is \$21,290,368 and the accumulated depreciation is \$7,060,158. 14,230,210

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 86,186

The Internal Service Fund is used by management to charge the cost of the self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 217,788

Long-term liabilities, including the capital lease purchase agreement payable, bonds and notes payable, 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. (10,767,064)

Net position of governmental activities (page 18) \$ 8,107,778

See notes to financial statements.

Union County

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

Year ended June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,668,825	719,473	824,510	-
Local option sales tax	103,157	-	154,735	257,892
Tax increment financing	-	-	-	-
Interest and penalty on property tax	60,098	-	-	-
Intergovernmental	287,640	650,931	99,732	2,250,580
Licenses and permits	2,700	-	10,866	1,692
Charges for service	482,123	-	300	24,405
Use of money and property	49,971	-	-	-
Miscellaneous	87,098	13,718	-	59,496
Total revenues	<u>3,741,612</u>	<u>1,384,122</u>	<u>1,090,143</u>	<u>2,594,065</u>
Expenditures:				
Operating:				
Public safety and legal services	1,392,091	-	134,157	-
Physical health and social services	322,950	-	110,013	-
Mental health	-	878,989	-	-
County environment and education	361,739	-	73,901	-
Roads and transportation	-	-	157,817	3,058,464
Governmental services to residents	444,855	-	-	-
Administration	957,327	-	-	-
Capital projects	-	-	-	556,029
Debt service	-	-	-	-
Total expenditures	<u>3,478,962</u>	<u>878,989</u>	<u>475,888</u>	<u>3,614,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>262,650</u>	<u>505,133</u>	<u>614,255</u>	<u>(1,020,428)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	761,960
Operating transfers out	(95,896)	-	(694,568)	-
Total other financing sources (uses)	<u>(95,896)</u>	<u>-</u>	<u>(694,568)</u>	<u>761,960</u>
Change in fund balances	166,754	505,133	(80,313)	(258,468)
Fund balances beginning of year	918,623	(443,443)	210,580	1,089,320
Fund balances end of year	<u>\$ 1,085,377</u>	<u>61,690</u>	<u>130,267</u>	<u>830,852</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,227,868	-	-	5,440,676
-	-	-	515,784
-	-	297,725	297,725
-	-	-	60,098
169,628	5,500	9,810	3,473,821
-	-	-	15,258
-	739	2,560	510,127
411	-	2,542	52,924
86,057	56,974	-	303,343
1,483,964	63,213	312,637	10,669,756
-	-	-	1,526,248
-	-	27,783	460,746
-	-	-	878,989
-	-	3,274	438,914
-	-	-	3,216,281
-	-	6,305	451,160
-	-	-	957,327
-	235,946	-	791,975
1,345,171	-	346,827	1,691,998
1,345,171	235,946	384,189	10,413,638
138,793	(172,733)	(71,552)	256,118
-	25,811	3,000	790,771
-	-	(307)	(790,771)
-	25,811	2,693	-
138,793	(146,922)	(68,859)	256,118
1,592,639	261,638	455,183	4,084,540
1,731,432	114,716	386,324	4,340,658

Union 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) \$ 256,118

**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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 690,627	
Depreciation expense	(956,737)	(266,110)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 40,000

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	2,947	
Other	(190,544)	(187,597)

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. 1,289,155

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	(15,042)	
Other postemployment benefits	(30,000)	
Interest on long-term debt	2,885	(42,157)

The Internal Service Fund is used by management to charge the costs of the self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (2,612)

Change in net position of governmental activities (page 19) \$ 1,086,797

See notes to financial statements.

Union County
Statement of Net Position
Proprietary Fund

June 30, 2013

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 301,145
Accrued interest receivable	<u>26</u>
Total assets	<u>301,171</u>
Liabilities	
Accounts payable	<u>83,383</u>
Net Position	
Unrestricted	<u><u>\$ 217,788</u></u>

See notes to financial statements.

Union 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:	
Reimbursements from operating funds	\$ 924,964
Reimbursements from employees and others	70,393
Total operating revenues	<u>995,357</u>
Operating expenses:	
Insurance premiums	<u>998,235</u>
Operating loss	(2,878)
Non-operating revenues:	
Interest income	<u>266</u>
Net loss	(2,612)
Net position beginning of year	<u>220,400</u>
Net position end of year	<u><u>\$ 217,788</u></u>

See notes to financial statements.

Union 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	\$ 995,357
Cash paid to suppliers for services	(914,852)
Net cash provided by operating activities	80,505
Cash flows from investing activities:	
Interest on investments	287
Net increase in cash and cash equivalents	80,792
Cash and cash equivalents beginning of year	220,353
Cash and cash equivalents end of year	\$ 301,145
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (2,878)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Increase in accounts payable	83,383
Net cash provided by operating activities	\$ 80,505

See notes to financial statements.

Exhibit J

Union County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,957,864
Other County officials	42,105

Receivables:

Property tax:

Delinquent	54,348
Succeeding year	11,744,000
Accounts	901
Special assessments	12,818

Due from other governments

5,261**Total assets**13,817,297**Liabilities**

Accounts payable 128,557

Salaries and benefits payable 1,228

Due to other governments 13,576,744

Trusts payable 102,778

Compensated absences 7,990

Total liabilities13,817,297**Net position**\$ -

See notes to financial statements.

Union County

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Union County Assessor's Conference Board and Union 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.

The County also participates in the following jointly governed organizations: Prairie Solid Waste Agency, Creston-Union Law Enforcement Commission, South Central Iowa Regional E911 Service Board and Union County Development Association.

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. 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 three categories.

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

Restricted net position results when constraints placed on net position use are either externally imposed or 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 designated to be used to fund mental health, intellectual disabilities 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 Fund and the Special Revenue, Rural Services Fund 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.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

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 the Internal Service Fund 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 the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit 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 on 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
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
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment and vehicles	2 - 20

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

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

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 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 Fund and the Special Revenue, Mental Health, 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 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.

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

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 insurance premiums 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 in certain departments exceeded the amounts appropriated before amendment.

(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.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 70,392
	Special Revenue:	
	Rural Services	691,568
Flood and Erosion	Rural Services	3,000
Capital Projects	General	25,504
	Special Revenue:	
	Resource Enhancement and Protection	307
Total		<u>\$ 790,771</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
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 253,619	-	-	253,619
Capital assets being depreciated:				
Buildings	2,043,681	-	-	2,043,681
Improvements other than buildings	48,202	-	-	48,202
Equipment and vehicles	4,188,546	211,282	230,096	4,169,732
Infrastructure, road network	14,255,789	519,345	-	14,775,134
Total capital assets being depreciated	<u>20,536,218</u>	<u>730,627</u>	<u>230,096</u>	<u>21,036,749</u>
Less accumulated depreciation for:				
Buildings	1,441,434	52,570	-	1,494,004
Improvements other than buildings	21,237	2,360	-	23,597
Equipment and vehicles	2,772,117	307,439	230,096	2,849,460
Infrastructure, road network	2,098,729	594,368	-	2,693,097
Total accumulated depreciation	<u>6,333,517</u>	<u>956,737</u>	<u>230,096</u>	<u>7,060,158</u>
Total capital assets being depreciated, net	<u>14,202,701</u>	<u>(226,110)</u>	<u>-</u>	<u>13,976,591</u>
Governmental activities capital assets, net	<u>\$ 14,456,320</u>	<u>(226,110)</u>	<u>-</u>	<u>14,230,210</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 14,945
Physical health and social services	28,783
County environment and education	21,816
Roads and transportation	850,184
Governmental services to residents	35,629
Administration	5,380
Total depreciation expense - governmental activities	<u>\$ 956,737</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 at June 30, 2013 is as follows:

Fund	Description	Amount
General	Services	\$ 14,407
Special Revenue:		
Mental Health	Services	925,701
Rural Services		88
Secondary Roads		10,635
Total for governmental funds		<u>\$ 950,831</u>
Agency:		
County Assessor	Collections	\$ 304,143
County Hospital		1,108,994
Schools		6,701,070
Community Colleges		347,371
Corporations		3,242,786
Townships		183,703
Auto License and Use Tax		259,455
Prairie Solid Waste		1,125,535
All other		303,687
Total for agency funds		<u>\$ 13,576,744</u>

(6) Long-Term Liabilities

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

	Capital Lease Purchase Agreement	General Obligation Bonds	General Obligation Notes	General Obligation Solid Waste Disposal Notes	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 141,373	9,736,597	205,000	1,230,000	153,668	512,000	11,978,638
Increases	-	-	-	-	151,968	40,000	191,968
Decreases	45,278	1,023,877	160,000	60,000	136,926	10,000	1,436,081
Balance end of year	<u>\$ 96,095</u>	<u>8,712,720</u>	<u>45,000</u>	<u>1,170,000</u>	<u>168,710</u>	<u>542,000</u>	<u>10,734,525</u>
Due within one year	\$ 47,099	* 1,057,720	10,000	65,000	119,008	-	1,298,827

* Net of \$42,280 of unamortized discount at June 30, 2013.

The cost and accumulated depreciation at June 30, 2013 related to the motor grader acquired under a capital lease purchase agreement were \$226,000 and \$90,400, respectively.

Capital Lease Purchase Agreement

On April 26, 2010, the County entered into a capital lease purchase agreement to lease a motor grader with a historical cost of \$226,000. The following is a schedule of future minimum lease payments, including interest at 3.95% per annum, and the present value of net minimum payments under the agreement in effect at June 30, 2013:

Year Ending June 30,	Amount
2014	\$ 49,155
2015	49,155
Total minimum lease payments	98,310
Less amount representing interest	2,215
Present value of net minimum lease payments	<u>\$ 96,095</u>

Payments under the capital lease purchase agreement totaled \$49,155 for the year ended June 30, 2013.

General Obligation Bonds

A summary of the County's June 30, 2013 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Roads and Bridges Issued October 16, 2009			Roads, Bridges and Litigation Issued September 29, 2010		
	Interest		Interest	Interest		Interest
	Rates	Principal		Rates	Principal	
2014	4.00%	\$ 330,000	177,107	1.50%	\$ 260,000	85,698
2015	4.40	285,000	163,908	1.75	265,000	81,798
2016	4.80	290,000	151,368	2.00	265,000	77,160
2017	5.20	300,000	137,448	2.20	270,000	71,860
2018	5.50	315,000	121,847	2.50	275,000	65,920
2019-2023	5.75 - 6.40	1,705,000	325,713	2.70 - 3.30	1,550,000	209,160
2024	6.40	-	-	3.40	345,000	11,730
Total		<u>\$ 3,225,000</u>	<u>1,077,391</u>		<u>\$ 3,230,000</u>	<u>603,326</u>

Year Ending June 30,	Roads and Refunding Bonds Issued June 29, 2011			Total		
	Interest		Interest	Principal	Interest	Total
	Rates	Principal				
2014	2.00%	\$ 510,000	47,155	1,100,000	309,960	1,409,960
2015	2.00	515,000	36,955	1,065,000	282,661	1,347,661
2016	2.00	525,000	26,655	1,080,000	255,183	1,335,183
2017	2.00	535,000	16,155	1,105,000	225,463	1,330,463
2018	2.00	50,000	5,455	640,000	193,222	833,222
2019-2023	2.00 - 3.00	165,000	9,240	3,420,000	544,113	3,964,113
2024		-	-	345,000	11,730	356,730
Total		<u>\$ 2,300,000</u>	<u>141,615</u>	<u>8,755,000</u>	<u>1,822,332</u>	<u>10,577,332</u>

During the year ended June 30, 2013, the County retired \$1,070,000 of general obligation bonds.

General Obligation Notes

A summary of the County's June 30, 2013 general obligation note indebtedness is as follows:

Year Ending June 30,	Capital Projects and Vehicle Purchases			
	Issued May 1, 2007			
	Interest Rates	Principal	Interest	Total
2014	4.00%	\$ 10,000	1,855	11,855
2015	4.10	10,000	1,455	11,455
2016	4.15	10,000	1,045	11,045
2017	4.20	15,000	630	15,630
Total		\$ 45,000	4,985	49,985

During the year ended June 30, 2013, the County retired \$160,000 of general obligation notes.

General Obligation Solid Waste Disposal Notes

During the year ended June 30, 2008, the County issued \$1,500,000 of general obligation solid waste disposal notes. The proceeds were forwarded to the Prairie Solid Waste Agency, reported as an Agency Fund of the County. Prairie Solid Waste Agency has agreed to pay the County the principal and interest on the general obligation solid waste disposal notes as they come due. The County reports a loan receivable in the Debt Service Fund equal to the principal outstanding less cash received from the Agency in excess of debt service payments on the general obligation solid waste disposal notes.

A summary of the County's June 30, 2013 general obligation solid waste disposal note indebtedness is as follows:

Year Ending June 30,	Series 2007B			
	Issued July 1, 2007			
	Interest Rates	Principal	Interest	Total
2014	4.100%	\$ 65,000	49,724	114,724
2015	4.100	65,000	47,059	112,059
2016	4.150	70,000	44,394	114,394
2017	4.150	70,000	41,489	111,489
2018	4.150	75,000	38,584	113,584
2019-2023	4.200-4.300	415,000	143,881	558,881
2024-2027	4.300-4.375	410,000	45,865	455,865
Total		\$ 1,170,000	410,996	1,580,996

During the year ended June 30, 2013, the County retired \$60,000 of general obligation solid waste disposal notes.

(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 \$236,477, \$223,048 and \$194,686, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug, dental and vision, benefits for employees, retirees and their spouses. There are 64 active and 10 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug, dental and vision coverage, which is a partially self-funded medical plan, is administered by Tri-Star Benefits. Retirees under age 65 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	\$ 48,000
Interest on net OPEB obligation	23,000
Adjustment to annual required contribution	<u>(31,000)</u>
Annual OPEB cost	40,000
Contributions made	<u>(10,000)</u>
Increase in net OPEB obligation	30,000
Net OPEB obligation beginning of year	<u>512,000</u>
Net OPEB obligation end of year	<u>\$ 542,000</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 contributed \$10,000 to the medical plan. Plan members eligible for benefits contributed \$13,600, or 58% of the premium costs.

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	\$ 203,049	15.8%	\$344,000
2012	200,000	16.0	512,000
2013	40,000	25.0	542,000

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 \$350,893, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$350,893. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,537,000 and the ratio of the UAAL to covered payroll was 13.84%. 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 unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate trend rate. An inflation rate of 3.0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the rates based on Scale T-2 of the Actuary's Pension Handbook.

Projected claim costs of the medical plan are \$850 per month for retirees less than age 65. The salary increase rate was assumed to be 2.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the self-funding of the County's health insurance benefit plan. Beginning July 1, 2011, the County discontinued the self-funding insurance plan and began purchasing commercial insurance. The Fund accounts for the collection of premiums from individuals and departments which are then paid to Employee Benefit Systems for the purchase of health insurance.

At June 30, 2013, the County had an unrestricted net position of \$217,788 in the Employee Group Health Fund to cover future premium payments.

(11) Jointly Governed Organization

Union County participates in the Creston-Union Law Enforcement Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2013:

Additions:		
Contributions from governmental units:		
Union County	\$	51,010
City of Creston		71,866
Total additions		<u>122,876</u>
Deductions:		
Office supplies		4,779
Telephone		13,765
Software upgrades		23,082
Computer software maintenance		10,474
Office equipment and repair		14,619
Contractual services		3,668
Inmate supplies		1,547
Janitorial		4,496
Utilities		36,287
Sanitation		1,583
Building improvements		5,348
Insurance		2,001
Miscellaneous		3,304
		<u>124,953</u>
Net		(2,077)
Balance beginning of year		<u>39,398</u>
Balance end of year		<u>\$ 37,321</u>

(12) Early Childhood Iowa Area Board

Union County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2013 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early Childhood	\$ 26,550	-	26,550
Family support and parent education	-	68,633	68,633
Preschool support for low-income families	-	30,135	30,135
Quality improvement	-	34,881	34,881
Allocation for administration	1,397	4,338	5,735
Other grant programs	-	6,718	6,718
Total state grants	27,947	144,705	172,652
Interest on investments	61	481	542
Total revenues	28,008	145,186	173,194
Expenditures:			
Program services:			
Early childhood	16,237	-	16,237
Family support and parent education	-	68,633	68,633
Preschool support for low income families	-	28,919	28,919
Quality improvement	8,407	44,443	52,850
Other program services	-	5,374	5,374
Total program services	24,644	147,369	172,013
Administration	1,172	2,808	3,980
Excess remitted to state	6,421	25,033	31,454
Total expenditures	32,237	175,210	207,447
Change in fund balance	(4,229)	(30,024)	(34,253)
Fund balance beginning of year	13,521	54,089	67,610
Fund balance end of year	\$ 9,292	24,065	33,357

Fund balance beginning of year was restated for corrections made to the Early Childhood Annual Report to reconcile the report to the County's records.

Union County

Required Supplementary Information

Union 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

	<u>Actual</u>
Receipts:	
Property and other county tax	\$ 6,229,572
Interest and penalty on property tax	60,098
Intergovernmental	3,370,331
Licenses and permits	15,258
Charges for service	512,085
Use of money and property	54,212
Miscellaneous	222,602
Total receipts	<u>10,464,158</u>
Disbursements:	
Public safety and legal services	1,505,497
Physical health and social services	415,432
Mental health	692,997
County environment and education	437,672
Roads and transportation	3,550,582
Governmental services to residents	439,498
Administration	955,268
Debt service	1,686,999
Capital projects	625,045
Total disbursements	<u>10,308,990</u>
Excess (deficiency) of receipts over (under) disbursements	155,168
Other financing sources, net	<u>177,277</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	332,445
Balance beginning of year	<u>3,635,433</u>
Balance end of year	<u>\$ 3,967,878</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
6,336,602	6,336,602	(107,030)
-	-	60,098
3,439,959	5,215,709	(1,845,378)
22,330	22,330	(7,072)
403,725	1,001,517	(489,432)
82,935	82,935	(28,723)
192,148	192,148	30,454
10,477,699	12,851,241	(2,387,083)
1,582,300	1,588,800	83,303
448,546	627,796	212,364
1,485,958	2,083,750	1,390,753
473,023	2,173,298	1,735,626
4,163,000	4,163,000	612,418
443,364	454,364	14,866
953,191	988,741	33,473
1,791,250	1,791,250	104,251
1,471,116	1,471,116	846,071
12,811,748	15,342,115	5,033,125
(2,334,049)	(2,490,874)	2,646,042
(42,104)	(42,104)	219,381
(2,376,153)	(2,532,978)	2,865,423
5,103,521	5,103,521	(1,468,088)
2,727,368	2,570,543	1,397,335

Union 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	\$ 10,464,158	205,598	10,669,756
Expenditures	10,308,990	104,648	10,413,638
Net	155,168	100,950	256,118
Other financing sources, net	177,277	(177,277)	-
Beginning fund balances	3,635,433	449,107	4,084,540
Ending fund balances	\$ 3,967,878	372,780	4,340,658

See accompanying independent auditor's report.

Union County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service 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, the Debt Service Fund and the Capital Projects 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 \$2,530,367. 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, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

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

Union 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	-	\$ 1,261	1,261	0.00%	\$ 2,205	57.20%
2011	Jul 1, 2009	-	1,261	1,261	0.00	2,205	57.20
2012	Jul 1, 2009	-	1,261	1,261	0.00	2,205	57.20
2013	Jul 1, 2012	-	351	351	0.00	2,537	13.84

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

Union County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2013

	Flood and Erosion	Resource Enhancement and Protection	County Recorder's Records Management
Assets			
Cash, cash equivalents and pooled investments	\$ 224	104,409	16,080
Receivables:			
Succeeding year property tax	-	-	-
Accounts	-	30	6
Total assets	\$ 224	104,439	16,086
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue - succeeding year property tax	\$ -	-	-
Fund balances:			
Restricted for other purposes	224	104,439	16,086
Total liabilities and fund balances	\$ 224	104,439	16,086

See accompanying independent auditor's report.

Special Revenue				
Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust	COOP Urban Renewal	Charitable / Educational	Total
104,570	14,822	117,655	28,465	386,225
-	-	284,000	-	284,000
30	-	33	-	99
104,600	14,822	401,688	28,465	670,324
-	-	284,000	-	284,000
104,600	14,822	117,688	28,465	386,324
104,600	14,822	401,688	28,465	670,324

Union County

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

Year ended June 30, 2013

	Flood and Erosion	Resource Enhancement and Protection	County Recorder's Records Management
Revenues:			
Tax increment financing	\$ -	-	-
Intergovernmental	-	9,810	-
Charges for service	-	-	2,560
Use of money and property	-	443	92
Total revenues	-	10,253	2,652
Expenditures:			
Operating:			
Physical health and social services	-	-	-
County environment and education	3,274	-	-
Governmental services to residents	-	-	6,305
Debt service	-	-	-
Total expenditures	3,274	-	6,305
Excess (deficiency) of revenues over (under) expenditures	(3,274)	10,253	(3,653)
Other financing sources (uses):			
Operating transfers in	3,000	-	-
Operating transfers out	-	(307)	-
Total other financing sources (uses)	3,000	(307)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(274)	9,946	(3,653)
Fund balances beginning of year	498	94,493	19,739
Fund balances end of year	\$ 224	104,439	16,086

See accompanying independent auditor's report.

Special Revenue				
Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust	COOP Urban Renewal	Charitable / Educational	Total
-	-	297,725	-	297,725
-	-	-	-	9,810
-	-	-	-	2,560
477	292	1,238	-	2,542
477	292	298,963	-	312,637
-	27,783	-	-	27,783
-	-	-	-	3,274
-	-	-	-	6,305
5,000	-	341,827	-	346,827
5,000	27,783	341,827	-	384,189
(4,523)	(27,491)	(42,864)	-	(71,552)
-	-	-	-	3,000
-	-	-	-	(307)
-	-	-	-	2,693
(4,523)	(27,491)	(42,864)	-	(68,859)
109,123	42,313	160,552	28,465	455,183
104,600	14,822	117,688	28,465	386,324

Union County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,875	71,838	16,358
Other County officials	42,105	-	-	-
Receivables:				
Property tax:				
Delinquent	-	531	1,110	4,636
Succeeding year	-	129,000	249,000	1,088,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 42,105	131,406	321,948	1,108,994
Liabilities				
Accounts payable	\$ -	-	13,312	-
Salaries and benefits payable	-	-	-	-
Due to other governments	12,354	131,406	304,143	1,108,994
Trusts payable	29,751	-	-	-
Compensated absences	-	-	4,493	-
Total liabilities	\$ 42,105	131,406	321,948	1,108,994

See accompanying independent auditor's report.

	Community			Auto License and Use Tax	Other	Total
Schools	Colleges	Corporations	Townships			
95,940	4,964	46,513	2,448	259,455	1,458,473	1,957,864
-	-	-	-	-	-	42,105
27,130	1,407	19,273	255	-	6	54,348
6,578,000	341,000	3,177,000	181,000	-	1,000	11,744,000
-	-	-	-	-	901	901
-	-	-	-	-	12,818	12,818
-	-	-	-	-	5,261	5,261
6,701,070	347,371	3,242,786	183,703	259,455	1,478,459	13,817,297
-	-	-	-	-	115,245	128,557
-	-	-	-	-	1,228	1,228
6,701,070	347,371	3,242,786	183,703	259,455	1,285,462	13,576,744
-	-	-	-	-	73,027	102,778
-	-	-	-	-	3,497	7,990
6,701,070	347,371	3,242,786	183,703	259,455	1,478,459	13,817,297

Union County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Assets and Liabilities				
Balances beginning of year	\$ 40,523	129,112	312,984	1,126,153
Additions:				
Property and other county tax	-	129,180	249,717	1,091,554
State tax credits	-	5,771	12,055	50,351
Contract law enforcement	-	-	-	-
Drivers license fees	-	-	-	-
Office fees and collections	452,779	-	577	-
Auto licenses, use tax and postage	-	-	-	-
Solid waste fees	-	-	-	-
Assessments	-	-	-	-
Trusts	24,082	-	-	-
Miscellaneous	259	-	26,206	-
Total additions	477,120	134,951	288,555	1,141,905
Deductions:				
Agency remittances:				
To other funds	141,554	-	-	-
To other governments	315,060	132,657	279,591	1,159,064
Trusts paid out	18,924	-	-	-
Total deductions	475,538	132,657	279,591	1,159,064
Balances end of year	\$ 42,105	131,406	321,948	1,108,994

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
6,643,794	347,247	3,255,252	181,699	292,488	1,638,807	13,968,059
6,600,380	341,976	3,115,008	181,327	-	1,388	11,710,530
295,118	15,279	139,300	7,714	-	64	525,652
-	-	-	-	-	122,876	122,876
-	-	-	-	71,975	-	71,975
-	-	-	-	-	2,560	455,916
-	-	-	-	3,425,700	-	3,425,700
-	-	-	-	-	1,336,396	1,336,396
-	-	-	-	-	9,752	9,752
-	-	-	-	-	306,318	330,400
-	-	-	-	-	250,918	277,383
6,895,498	357,255	3,254,308	189,041	3,497,675	2,030,272	18,266,580
-	-	-	-	137,996	-	279,550
6,838,222	357,131	3,266,774	187,037	3,392,712	2,190,620	18,118,868
-	-	-	-	-	-	18,924
6,838,222	357,131	3,266,774	187,037	3,530,708	2,190,620	18,417,342
6,701,070	347,371	3,242,786	183,703	259,455	1,478,459	13,817,297

Union County

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

For the Last Ten Years

	2013	2012	2011
Revenues:			
Property and other county tax	\$ 5,440,676	5,376,869	5,177,278
Local option sales tax	515,784	502,850	486,999
Tax increment financing	297,725	310,545	315,704
Interest and penalty on property tax	60,098	61,773	58,557
Intergovernmental	3,473,821	3,968,364	4,432,018
Licenses and permits	15,258	18,095	22,890
Charges for service	510,127	502,703	477,813
Use of money and property	52,924	135,110	194,032
Miscellaneous	303,343	321,018	396,255
Total	<u>\$ 10,669,756</u>	<u>11,197,327</u>	<u>11,561,546</u>
Expenditures:			
Operating:			
Public safety and legal services	\$ 1,526,248	1,484,649	1,363,225
Physical health and social services	460,746	434,188	473,928
Mental health	878,989	1,967,367	1,838,463
County environment and education	438,914	716,735	1,185,301
Roads and transportation	3,216,281	3,449,510	4,547,039
Governmental services to residents	451,160	433,577	398,113
Administration	957,327	899,154	1,583,489
Capital projects	791,975	1,190,972	6,386,417
Debt service	1,691,998	4,546,564	1,813,452
Total	<u>\$ 10,413,638</u>	<u>15,122,716</u>	<u>19,589,427</u>

See accompanying independent auditor's report.

Modified Accrual Basis						
2010	2009	2008	2007	2006	2005	2004
4,730,902	4,624,103	4,278,160	3,950,487	3,867,327	3,440,405	4,373,383
495,017	474,595	458,848	484,851	384,843	-	-
310,547	293,218	242,083	224,523	59,614	59,189	-
51,457	52,064	41,892	43,384	49,311	68,137	48,989
3,629,213	4,741,556	3,140,353	2,379,656	2,431,270	3,071,775	3,157,926
19,493	20,950	21,125	23,685	18,653	18,918	14,649
436,993	433,511	502,356	425,628	420,238	424,541	381,389
227,601	100,943	135,541	182,316	152,784	107,413	97,546
283,701	120,294	77,319	111,702	107,292	58,245	76,148
10,184,924	10,861,234	8,897,677	7,826,232	7,491,332	7,248,623	8,150,030
1,320,323	1,220,634	1,254,085	1,220,990	1,171,759	1,117,032	1,166,689
479,184	450,182	417,852	283,170	345,669	297,102	270,334
1,169,979	1,753,031	1,844,765	1,640,412	1,573,478	1,389,755	1,362,450
615,643	465,943	435,937	364,017	386,967	282,238	319,864
4,004,056	2,759,160	3,218,057	2,740,437	2,271,050	2,397,005	2,356,278
402,881	359,967	399,743	383,077	505,397	332,205	304,926
937,510	815,146	926,442	945,591	848,301	795,600	984,631
1,032,421	638,392	687,139	238,820	540,593	95,516	664,585
1,528,855	808,264	644,425	519,949	518,399	516,781	543,435
11,490,852	9,270,719	9,828,445	8,336,463	8,161,613	7,223,234	7,973,192

Schedule 6

Union County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 15,170
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205		267,801
National Highway Traffic Safety Administration:			
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State Traffic Safety Information System Improvement Grants	20.610		4,500
U. S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5882BT88	19,250
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs			
	93.566		70
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,532
Foster Care_Title IV-E	93.658		5,247
Adoption Assistance	93.659		1,472
Medical Assistance Program	93.778		15,142
Social Services Block Grant	93.667		4,539
State Children's Insurance Program	93.767		59
State Children's Insurance Program	93.767		597,792
			597,851
Total			\$ 934,574

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

See accompanying independent auditor's report

**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**

Union County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

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 Union County:

We have audited 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Union 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 February 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union 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 Union County's internal control. Accordingly, we do not express an opinion on the effectiveness of Union 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 and Questioned Costs, we identified a deficiency in internal control we consider to be a material weakness and a deficiency we consider to be a significant deficiency.

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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a material weakness.

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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-13 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Union County's Responses to the Findings

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

February 19, 2014



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Officials of Union County:

Report on Compliance for Each Major Federal Program

We have audited Union County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2013. Union County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Union County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 19, 2014

Union County
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and a significant deficiency in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 93.767 – State Children’s Insurance Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Union County did not qualify as a low-risk auditee.

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-13 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 more individuals in the County Treasurer's Office may have control over the following areas for which no compensating controls exist:

- (1) Receipts – collecting, depositing, posting and daily reconciling.
- (2) Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.
- (3) Bank reconciliations are reviewed periodically by an independent person for propriety, but there is no evidence of the review being performed.
- (4) All employees have access to the change fund.

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

Response – The office will review procedures and attempt to maximize the best internal control and, when possible, use other personnel to add control measures. We will utilize other offices personnel to sign off on bank reconciliations as part of an independent review.

Conclusion – Response accepted.

II-B-3 Credit Cards – The County's credit card policy states claims for payment of credit card charges shall include a short statement explaining the charges. In addition, signed copies of the credit card slips and itemized receipts are required, as well as original invoices. For three of three credit card statements tested, signatures on the supporting receipt or invoices were not always included. For one of the credit card statements tested, twenty-nine of forty-three charges for gas purchases were not supported by a receipt.

Recommendation – The County should implement procedures to ensure the claims for credit card payments adhere to the County's adopted policy.

Response – The County has implemented a policy that the department heads/elected officials and card user will sign all receipts and credit card statements. In addition, all credit card receipts will be retained.

Conclusion – Response accepted.

Union County
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCY:

No matters were noted

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.

Disbursements in certain departments exceeded the amounts appropriated during the year before an amendment was adopted.

In addition, an appropriation amendment dated October 1, 2012 was not approved until the May 6, 2013 budget amendment was approved.

Recommendation – The County should amend appropriations as required before disbursements are allowed to exceed the budget.

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

Response – Amendments and appropriations will be done in a timely manner and each appropriation amendment will be approved separately.

Conclusion – Response accepted.

IV-B-13 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.

IV-C-13 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-13 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-13 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

IV-F-13 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-13 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.

IV-H-13 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).

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

- IV-I-13 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.

- IV-J-13 Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Agency Funds because of the County’s fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.

- IV-K-13 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. The amount reported by the County as TIF debt outstanding was overstated by \$790,044 because the County included an amount of outstanding debt not related to the urban renewal area.

Recommendation – The County should ensure the amount reported as debt outstanding only includes debt related to the urban renewal area.

Response – We have taken steps to ensure future reports submitted to the Department of Management will be complete and accurate.

Conclusion – Response accepted.

Union County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Steven O. Fuqua, CPA, Senior Auditor II
Thomas S. Hebert, Staff Auditor
Melissa E. Jansen, Assistant Auditor
Janell R. Wieland, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State