



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

June 24, 2014

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$16,363,788 for the year ended June 30, 2013, which included \$787,486 in tax credits from the state. The County forwarded \$10,765,528 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,598,260 of the local tax revenue to finance County operations, an 8.9% increase over the prior year. Other revenues included charges for service of \$851,843, operating grants, contributions and restricted interest of \$3,448,560, capital grants, contributions and restricted interest of \$969,404, local option sales tax of \$374,454, unrestricted investment earnings of \$114,836, insurance recoveries of \$640,492 and other general revenues of \$200,389.

Expenses for County operations for the year ended June 30, 2013 totaled \$10,278,425, a 10.3% decrease from the prior year. Expenses included \$5,546,376 for roads and transportation, \$1,487,011 for public safety and legal services and \$1,433,150 for administration. The significant decrease in expenses is primarily due to a decrease in expenses for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0067-B00F.pdf>.

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MONONA COUNTY

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

JUNE 30, 2013

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Monona County

Officials

(Before January 2013)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John McCall	Board of Supervisors	Jan 2013
James Jensen	Board of Supervisors	Jan 2015
Tim Jessen	Board of Supervisors	Jan 2015
Brooke Kuhlman	County Auditor	Jan 2013
Lawrence Framke	County Treasurer	Jan 2015
Tena L. Hinkel	County Recorder	Jan 2015
Jeffrey R. Pratt	County Sheriff	Jan 2013
Michael P. Jensen	County Attorney	Jan 2015
Tim Peters	County Assessor	Jan 2016

(After January 2013)

James Jensen	Board of Supervisors	Jan 2015
Tim Jessen	Board of Supervisors	Jan 2015
Brady Hanson	Board of Supervisors	Jan 2017
Brooke Kuhlman	County Auditor	(Resigned Dec 2013)
Marilyn Kelley (Appointed)	County Auditor	Nov 2016
Lawrence Framke	County Treasurer	Jan 2015
Tena L. Hinkel	County Recorder	Jan 2015
Jeffrey R. Pratt	County Sheriff	Jan 2017
Michael P. Jensen	County Attorney	Jan 2015
Tim Peters	County Assessor	Jan 2016

Monona County



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Independent Auditor's Report

To the Officials of Monona 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 Monona 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 Monona County as of June 30, 2013, and the respective changes in its financial position and, where applicable, its 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 16 and 46 through 50 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 Monona County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and 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 June 6, 2014 on our consideration of Monona 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 Monona County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 6, 2014

Monona County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monona County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- The County's governmental activities revenues decreased 8.9%, or approximately \$1,185,000, from fiscal year 2012 to fiscal year 2013. Capital grants, contributions and restricted interest decreased approximately \$949,000, operating grants, contributions and restricted interest decreased approximately \$1,121,000, charges for service decreased approximately \$117,000 and property tax increased approximately \$421,000.
- The County's governmental activities expenses decreased 10.3%, or approximately \$1,185,000, from fiscal year 2012 to fiscal year 2013. Mental health expenses decreased approximately \$952,000.
- The County's net position increased 7.4%, or approximately \$1,920,000, from the restated balance at June 30, 2012.

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 Monona 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 Monona 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 information about activities for which Monona County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. 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 which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) A 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 which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Monona County's net position at the end of fiscal year 2013 totaled approximately \$27.9 million. This compares to the restated fiscal year 2012 balance of approximately \$26 million. The analysis that follows focuses on the changes in the net position of governmental activities.

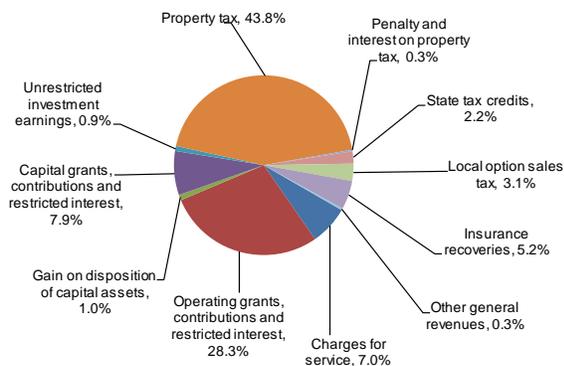
Net Position of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 14,440	15,080
Capital assets	19,862	18,008
Total assets	34,302	33,088
Long-term liabilities	613	806
Other liabilities	5,773	6,286
Total liabilities	6,386	7,092
Net position:		
Net investment in capital assets	19,733	17,838
Restricted	6,303	6,099
Unrestricted	1,880	2,059
Total net position	\$ 27,916	25,996

Net position of Monona County's governmental activities increased approximately \$1,920,000, or 7.4%, compared to the fiscal year 2012 restated balance. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position increased approximately \$204,000 over the prior year. 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 — decreased from a restated balance of approximately \$2,059,000 at June 30, 2012 to approximately \$1,880,000 at the end of this year, a decrease of 8.7%.

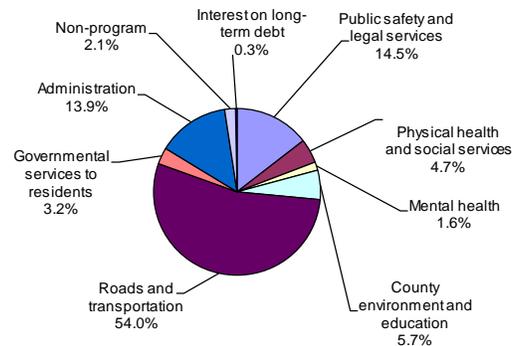
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2013	2012
Revenues:		
Program revenues:		
Charges for service	\$ 852	969
Operating grants, contributions and restricted interest	3,449	4,570
Capital grants, contributions and restricted interest	969	1,918
General revenues:		
Property tax	5,335	4,914
Penalty and interest on property tax	41	41
State tax credits	263	226
Local option sales tax	374	354
Unrestricted investment earnings	115	122
Gain on disposition of capital assets	124	-
Insurance recoveries	640	252
Other general revenues	36	17
Total revenues	12,198	13,383
Program expenses:		
Public safety and legal services	1,487	1,632
Physical health and social services	484	584
Mental health	167	1,119
County environment and education	589	999
Roads and transportation	5,546	5,280
Governmental services to residents	327	386
Administration	1,433	1,129
Non-program	215	304
Interest on long-term debt	30	30
Total expenses	10,278	11,463
Change in net position	1,920	1,920
Net position beginning of year, as restated	25,996	24,076
Net position end of year	\$ 27,916	25,996

Revenues by Source



Expenses by Function



Monona County's governmental activities net position increased approximately \$1,920,000 during the year. Revenues for governmental activities decreased approximately \$1,185,000 from the prior year, with operating grants, contributions and restricted interest decreasing approximately \$1,121,000. The County's capital grants, contributions and restricted interest decreased approximately \$949,000 and property tax increased approximately \$421,000. The decreases and increase were primarily the result of changes in the mental health budget and a decrease in intergovernmental revenues for the Secondary Roads Department for flood projects.

The County decreased overall property tax rates .55% for fiscal year 2013. Taxable valuation increased 9%. This resulted in an increase in the County's property tax revenue of approximately \$421,000 in fiscal year 2013.

The cost of all governmental activities this year was approximately \$10.3 million compared to approximately \$11.5 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was \$5,008,618 because some of the cost was paid by those directly benefited from the programs (\$851,843 this year compared to \$968,487 last year) or by other governments and organizations which subsidized certain programs with grants and contributions (\$4,417,964 this year compared to \$6,488,470 last year). The County paid for the remaining "public benefit" portion of governmental activities with property tax and other revenues, such as local option sales tax and interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$7.3 million, a 10.1% increase from last year's total of approximately \$6.6 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ending fund balance increased approximately \$236,000, or 9.4%, over the prior year. Overall revenues increased approximately \$141,000, or 3.4%, while expenditures decreased approximately \$173,000, or 4.1%. Revenues increased primarily due to the increase in taxable valuations. The decrease in expenditures is primarily due to the ending of the Home Care Program which caused a decrease in nurse payroll and services provided.

The Special Revenue, Mental Health Fund balance increased approximately \$346,000 over the prior year to approximately \$76,000. Mental health revenues and expenditures decreased approximately \$555,000 and \$952,000, respectively, due, in part, to the State of Iowa retaining property tax relief funds and performing the Medicaid billing.

The Special Revenue, Rural Services Fund balance increased approximately \$126,000, or 24.9%, over the prior year. Rural Services Fund revenues increased approximately \$197,000, or 11.5%, primarily due to an increase in taxable valuations. Rural Services Fund expenditures decreased approximately \$152,000, or 23.2%, due primarily to a decrease in uniformed patrol services expenditures and a decrease in conservation expenditures related to a building project and weed eradication performed in the prior year.

The Special Revenue, Secondary Roads Fund balance decreased approximately \$92,000, or 2.5%, from the prior year. Revenues increased approximately \$176,000, or 4.1%, over the prior year. This increase is primarily due to disaster project funds received for flood and tornado damage. Secondary Roads Fund expenditures increased approximately \$1,059,000, or 19.1%, over the prior year, due primarily to an alternative disaster project for equipment damaged and rebuilding a shed damaged in a tornado.

BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget one time. The amendment was approved on July 24, 2012 and resulted in an increase in budgeted disbursements of \$6,000. The amendment was made primarily to provide for additional disbursements for the county attorney trust.

The County's overall receipts were approximately \$689,000 more than budgeted while disbursements were approximately \$734,000 less than the amended budget. Intergovernmental receipts were approximately \$452,000 more than budgeted. This variance is primarily due to the County inadvertently under budgeting for flood and tornado insurance recoveries as intergovernmental receipts. Actual disbursements were less than budgeted overall, but disbursements exceeded budgeted disbursements for the roads and transportation function by approximately \$443,000 primarily due to an alternative disaster project which was not budgeted for. Mental health function disbursements were approximately \$650,000 less than budgeted due to the county budgeting for Medicaid non federal share and the Iowa Legislature switching the responsibility to the State, resulting in the reduction in disbursements. The County also exceeded the budget in the capital projects function by approximately \$7,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Monona County had approximately \$19.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,854,000, or 10.3%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 275	275
Construction in progress, road network	96	1,565
Construction in progress, other	68	416
Buildings and improvements	2,596	1,640
Equipment and vehicles	3,686	2,933
Infrastructure	13,141	11,179
Total	\$ 19,862	18,008

The County had depreciation expense of \$1,122,232 in fiscal year 2013 and total accumulated depreciation of \$10,739,309 at June 30, 2013.

More detailed information about the County's capital assets is presented in Note 3 to the financial statements.

Long-Term Debt

At June 30, 2013, Monona County had approximately \$409,000 of general obligation and other debt outstanding, compared to approximately \$602,000 at June 30, 2012, as follows:

	Outstanding Debt of Governmental Activities at Year-End	
	(Expressed in Thousands)	
	Year ended June 30,	
	2013	2012
General obligation visitor center note	\$ 129	170
Drainage warrants	280	432
Total	\$ 409	602

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

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2014 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars.)

	2014	2013	Percentage
	Dollars	Dollars	Change
	Certified	Certified	
General basic levy	\$ 1,946,482	\$ 1,895,601	2.68%
General supplemental levy	1,056,144	1,310,949	-19.44%
Mental health levy	369,398	369,214	0.05%
Rural services basic levy	1,678,453	1,620,605	3.57%
Rural services supplemental levy	-	246,045	-100.00%
Debt service levy	46,859	47,542	-1.44%
Total	\$ 5,097,336	5,489,956	-7.15%

No new services were added to the fiscal year 2014 budget. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2014 and fiscal year 2013 are as follows:

	2014	2013	Percentage
			Change
General basic levy	\$ 3.50000	\$ 3.50000	0.00%
General supplemental levy	1.89907	2.42051	-21.54%
Mental health levy	0.66422	0.68171	-2.57%
Rural services basic levy	3.95000	3.95000	0.00%
Rural services supplemental levy	-	0.59970	-100.00%
Debt service levy	0.08250	0.08653	-4.66%
Total	\$ 10.09579	11.23845	-10.17%

Budgeted disbursements in the fiscal year 2014 budget are \$11,015,637, a 7.9% decrease from the fiscal year 2013 budgeted disbursements. The countywide taxable valuation increased approximately \$14.6 million. Monona County has not added any major programs to the fiscal year 2014 budget and a decrease is expected for roads and transportation and mental health.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,344,000 by the close of fiscal year 2014.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Monona 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 Monona County Auditor's Office, 620 Iowa Avenue, City of Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at mocoaud@longlines.com.

Basic Financial Statements

Exhibit A

Monona County
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	
County Treasurer	\$ 6,829,094
Health Plan Trustee	61,852
Receivables:	
Property tax:	
Delinquent	5,616
Succeeding year	4,928,000
Accounts	112,166
Accrued interest	79,919
Drainage assessments	451,735
Due from other governments	1,044,552
Inventories	688,185
Prepaid expense	238,247
Capital assets, net of accumulated depreciation	19,862,283
Total assets	<u>34,301,649</u>
Liabilities	
Accounts payable	418,831
Due to other governments	425,778
Deferred revenue:	
Succeeding year property tax	4,928,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation note	42,000
Compensated absences	135,503
Portion due or payable after one year:	
General obligation note	87,000
Drainage warrants	279,651
Compensated absences	43,082
Net OPEB liability	25,891
Total liabilities	<u>6,385,736</u>
Net Position	
Net investment in capital assets	19,733,283
Restricted for:	
Supplemental levy purposes	1,059,171
Mental health purposes	76,872
Rural services purposes	510,522
Secondary roads purposes	4,200,401
Drainage purposes	332,792
Debt service	941
Other purposes	121,946
Unrestricted	1,879,985
Total net position	<u>\$ 27,915,913</u>

See notes to financial statements.

Monona 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	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,487,011	134,044	2,175	-	(1,350,792)
Physical health and social services	484,068	27,453	273,892	-	(182,723)
Mental health	166,997	87	136,657	-	(30,253)
County environment and education	588,704	77,285	16,230	-	(495,189)
Roads and transportation	5,546,376	24,620	2,997,288	969,404	(1,555,064)
Governmental services to residents	327,111	180,262	-	-	(146,849)
Administration	1,433,150	150,775	22,318	-	(1,260,057)
Non-program	214,753	257,317	-	-	42,564
Interest on long-term debt	30,255	-	-	-	(30,255)
Total	\$ 10,278,425	851,843	3,448,560	969,404	(5,008,618)

General Revenues:

Property and other county tax levied for:		
General purposes		5,289,066
Debt service		46,133
Penalty and interest on property tax		40,975
State tax credits		263,061
Local option sales tax		374,454
Unrestricted investment earnings		114,836
Gain on disposition of capital assets		123,834
Insurance recoveries		640,492
Miscellaneous		35,580
Total general revenues		6,928,431
Change in net position		1,919,813
Net position beginning of year, as restated		25,996,100
Net position end of year		\$ 27,915,913

See notes to financial statements.

Exhibit C

Monona County
Balance Sheet
Governmental Funds

June 30, 2013

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 2,600,066	515,644	634,229
Receivables:			
Property tax:			
Delinquent	3,867	476	1,214
Succeeding year	2,898,000	357,000	1,628,000
Accounts	44,065	87	-
Accrued interest	11,303	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	91,110	-	-
Inventories	-	-	-
Prepaid expenditures	126,616	-	-
Total assets	\$ 5,775,027	873,207	2,263,443
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 76,410	20,062	3,525
Due to other governments	6,505	419,273	-
Deferred revenue:			
Succeeding year property tax	2,898,000	357,000	1,628,000
Other	53,459	549	1,214
Total liabilities	3,034,374	796,884	1,632,739
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	126,616	-	-
Restricted for:			
Supplemental levy purposes	940,114	-	121,396
Mental health purposes	-	76,323	-
Rural services purposes	-	-	509,308
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	48,070	-	-
Debt service	-	-	-
Other purposes	6,757	-	-
Assigned for:			
Jail/correction services	66,098	-	-
Drug enforcement related purposes	22,213	-	-
Courthouse heating and cooling purposes	75,000	-	-
Soil and water conservation purposes	25,136	-	-
Unassigned	1,430,649	-	-
Total fund balances	2,740,653	76,323	630,704
Total liabilities and fund balances	\$ 5,775,027	873,207	2,263,443

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,856,883	137,199	6,744,021
-	59	5,616
-	45,000	4,928,000
61,820	600	106,572
-	68,616	79,919
-	317,121	317,121
-	134,614	134,614
879,175	29,519	999,804
688,185	-	688,185
111,631	-	238,247
<u>4,597,694</u>	<u>732,728</u>	<u>14,242,099</u>
311,609	7,225	418,831
-	-	425,778
-	45,000	4,928,000
<u>664,366</u>	<u>481,167</u>	<u>1,200,755</u>
<u>975,975</u>	<u>533,392</u>	<u>6,973,364</u>
688,185	-	688,185
111,631	-	238,247
-	-	1,061,510
-	-	76,323
-	-	509,308
2,821,903	-	2,821,903
-	131,335	131,335
-	-	48,070
-	882	882
-	67,119	73,876
-	-	66,098
-	-	22,213
-	-	75,000
-	-	25,136
-	-	1,430,649
<u>3,621,719</u>	<u>199,336</u>	<u>7,268,735</u>
<u>4,597,694</u>	<u>732,728</u>	<u>14,242,099</u>

Monona County

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

June 30, 2013

Total governmental fund balances (page 21)	\$ 7,268,735
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$30,601,592 and the accumulated depreciation is \$10,739,309.	19,862,283
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	1,200,755
The Internal Service Fund is used by management to charge the costs of the County's employee group 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.	197,267
Long-term liabilities, including the general obligation note payable, drainage warrants payable, other postemployment benefits payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(613,127)</u>
Net position of governmental activities (page 18)	<u><u>\$ 27,915,913</u></u>

See notes to financial statements.

Monona County

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

Year ended June 30, 2013

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 3,111,289	358,238	1,818,404
Local option sales tax	-	-	-
Interest and penalty on property tax	40,975	-	-
Intergovernmental	628,372	154,782	85,351
Licenses and permits	15,135	-	-
Charges for service	262,988	-	-
Use of money and property	161,029	-	-
Miscellaneous	57,991	-	-
Total revenues	4,277,779	513,020	1,903,755
Expenditures:			
Operating:			
Public safety and legal services	1,407,952	-	134,215
Physical health and social services	484,879	-	-
Mental health	-	166,997	-
County environment and education	411,095	-	141,872
Roads and transportation	-	-	224,855
Governmental services to residents	392,359	-	3,715
Administration	1,359,773	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	11,538	-	-
Total expenditures	4,067,596	166,997	504,657
Excess (deficiency) of revenues over (under) expenditures	210,183	346,023	1,399,098
Other financing sources (uses):			
Operating transfers in	15,659	-	-
Operating transfers out	-	-	(1,273,169)
Drainage warrant proceeds	-	-	-
Sale of capital assets	10,556	-	-
Sale of materials	-	-	-
Insurance proceeds	-	-	-
Total other financing sources (uses)	26,215	-	(1,273,169)
Change in fund balances	236,398	346,023	125,929
Fund balances beginning of year	2,504,255	(269,700)	504,775
Fund balances end of year	\$ 2,740,653	76,323	630,704

See notes to financial statements.

Secondary		
Roads	Nonmajor	Total
-	46,128	5,334,059
374,454	-	374,454
-	-	40,975
4,081,835	11,589	4,961,929
2,920	-	18,055
1,810	2,051	266,849
-	19,534	180,563
3,174	371,771	432,936
4,464,193	451,073	11,609,820
-	-	1,542,167
-	-	484,879
-	-	166,997
-	3,150	556,117
6,019,085	-	6,243,940
-	-	396,074
-	-	1,359,773
-	171,333	171,333
-	426,856	426,856
570,156	-	581,694
6,589,241	601,339	11,929,830
(2,125,048)	(150,266)	(320,010)
1,257,510	-	1,273,169
-	-	(1,273,169)
-	203,153	203,153
116,452	-	127,008
18,717	-	18,717
640,492	-	640,492
2,033,171	203,153	989,370
(91,877)	52,887	669,360
3,713,596	146,449	6,599,375
3,621,719	199,336	7,268,735

Monona 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

Net change in fund balances - Total governmental funds (page 25) \$ 669,360

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

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

Expenditures for capital assets	\$ 2,386,781	
Capital assets contributed by the Iowa Department of Transportation	593,024	
Depreciation expense	<u>(1,122,232)</u>	1,857,573

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. (3,174)

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	1,140	
Other	<u>(833,592)</u>	(832,452)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. 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. Current year repayments exceeded issuances, as follows:

Issued	(203,153)	
Repaid	<u>396,601</u>	193,448

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	393	
Other postemployment benefits	<u>(996)</u>	(603)

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 35,661

Change in net position of governmental activities (page 19) \$ 1,919,813

See notes to financial statements.

Monona County
 Statement of Net Position
 Proprietary Fund
 June 30, 2013

	Internal Service - Employee Group Health
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 85,073
Health Plan Trustee	61,852
Accounts receivable	5,594
Due from other governments	44,748
Total assets	197,267
Liabilities	
Accounts payable	-
Net Position	
Unrestricted	\$ 197,267

See notes to financial statements.

Monona 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	\$ 999,363
Reimbursements from employees and others	171,892
Total operating revenues	<u>1,171,255</u>
Operating expenses:	
Insurance premiums	<u>1,135,612</u>
Operating income	35,643
Non-operating revenues:	
Interest income	<u>18</u>
Net income	35,661
Net position beginning of year, as restated	<u>161,606</u>
Net position end of year	<u>\$ 197,267</u>
See notes to financial statements.	

Monona 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 funds	\$ 997,896
Cash received from employees and others	171,657
Cash paid to suppliers for services	(1,135,612)
Net cash provided by operating activities	33,941
Cash flows from investing activities:	
Interest on investments	18
Net increase in cash and cash equivalents	33,959
Cash and cash equivalents beginning of year, as restated	112,966
Cash and cash equivalents end of year	\$ 146,925
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 35,643
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	43,046
Increase in due from other governments	(44,748)
Net cash provided by operating activities	\$ 33,941

See notes to financial statements.

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

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,809,423
Other County officials	21,545
Receivables:	
Accounts	5,956
Property tax:	
Delinquent	17,154
Succeeding year	10,263,000
Special assessments	98,528
Drainage assessments:	
Current	109,133
Future	587,463
Due from other governments	23,736
Total assets	<u>12,935,938</u>

Liabilities

Accounts payable	59,583
Due to other governments	12,857,149
Trusts payable	12,626
Compensated absences	6,580
Total liabilities	<u>12,935,938</u>

Net position	<u><u>\$ -</u></u>
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See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

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

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

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

Fifty-seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Monona County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. Those districts are included as an Agency Fund of the County. Financial information of the individual drainage districts can be obtained from the Monona County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Monona County Assessor’s Conference Board, Monona County Emergency Management Commission and Monona County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, WESCO Industries, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County’s financial statements

B. Basis of Presentation

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

The Statement of Net Position presents the County’s nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

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

Restricted net position results when constraints placed on net 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 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 fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, 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 Special Revenue, Rural Services Fund and other revenues to be used for the secondary road construction and maintenance.

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.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit 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. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Special Assessments Receivable – Special assessments receivable represent the amount 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 represents 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 in the Special Revenue Funds 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, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased

or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	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
Improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
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 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 compensatory time 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, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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

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 catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the roads and transportation and capital projects functions.

(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.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$620,041 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and uses of the County.

(3) 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	\$ 274,684	-	-	274,684
Construction in progress, road network	1,564,721	1,006,899	2,475,595	96,025
Construction in progress, other	415,825	201,658	548,978	68,505
Total capital assets not being depreciated	2,255,230	1,208,557	3,024,573	439,214
Capital assets being depreciated:				
Buildings	2,133,585	1,064,622	-	3,198,207
Improvements other than buildings	640,543	34,949	-	675,492
Equipment and vehicles	9,338,564	1,220,655	475,656	10,083,563
Infrastructure, road network	13,729,521	2,475,595	-	16,205,116
Total capital assets being depreciated	25,842,213	4,795,821	475,656	30,162,378
Less accumulated depreciation for:				
Buildings	724,634	121,410	-	846,044
Improvements other than buildings	408,994	22,972	-	431,966
Equipment and vehicles	6,405,419	464,098	472,482	6,397,035
Infrastructure, road network	2,550,512	513,752	-	3,064,264
Total accumulated depreciation	10,089,559	1,122,232	472,482	10,739,309
Total capital assets being depreciated, net	15,752,654	3,673,589	3,174	19,423,069
Governmental activities capital assets, net	\$ 18,007,884	4,882,146	3,027,747	19,862,283

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 52,262
County environment and education		33,562
Roads and transportation		942,878
Governmental services to residents		7,448
Administration		<u>86,082</u>
Total depreciation expense - governmental activities		<u><u>\$1,122,232</u></u>

(4) 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	\$ 6,505
Special Revenue:		
Mental Health	Services	<u>419,273</u>
Total for governmental funds		<u><u>\$ 425,778</u></u>
Agency:		
County Offices	Collections	\$ 8,919
Agricultural Extension Education		161,054
County Assessor		606,273
Schools		7,231,587
Community Colleges		417,376
Corporations		1,988,127
Townships		219,290
Special Assessments		99,584
Auto License and Use Tax		204,029
Drainage Districts		1,704,096
Other		<u>216,814</u>
Total for agency funds		<u><u>\$ 12,857,149</u></u>

(5) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Rural Services	\$ 15,659
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>1,257,510</u>
Total		<u><u>\$ 1,273,169</u></u>

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

(6) Changes in Long-Term Liabilities

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

	General Obligation Note	Drainage Warrants	Compensated Absences	Other Post- employment Benefits	Total
Balance beginning of year	\$ 170,000	432,099	178,978	24,895	805,972
Increases	-	203,153	188,480	11,219	402,852
Decreases	41,000	355,601	188,873	10,223	595,697
Balance end of year	\$ 129,000	279,651	178,585	25,891	613,127
Due within one year	\$ 42,000	-	135,503	-	177,503

General Obligation Note

On December 15, 2005, the County issued a \$400,000 general obligation note to evidence its obligation under a loan agreement entered into in a prior year for the purpose of providing funds to pay a portion of the cost of constructing, furnishing and equipping the Lewis and Clark Visitor Center. The proceeds of the general obligation note were used in December 2005 to redeem the outstanding loan. A summary of the County's June 30, 2013 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	4.30%	\$ 42,000	5,678	47,678
2015	4.40	43,000	3,872	46,872
2016	4.50	44,000	1,980	45,980
Total		\$ 129,000	11,530	140,530

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

(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 \$316,482, \$303,233 and \$271,896, respectively, equal to the required contributions for each year.

(8) Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2013 were \$244,936.

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical benefits for employees, retirees and their spouses. There are 86 active and 4 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

The health coverage, which is a partially self-funded health plan, is administered by Employee Benefits System (EBS). Retirees receive coverage for the same plan as when they were active employees. Retirees pay the full cost of the premium for the health benefits at the same rates which apply to 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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 10,223
Interest on net OPEB obligation	996
Annual OPEB cost	<u>11,219</u>
Contributions made	<u>(10,223)</u>
Increase in net OPEB obligation	996
Net OPEB obligation beginning of year	<u>24,895</u>
Net OPEB obligation end of year	<u><u>\$ 25,891</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the County contributed \$10,223 to the health plan. Plan members eligible for benefits contributed \$42,373, or 81% 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	\$ 15,815	64%	\$ 18,150
2012	16,968	60	24,895
2013	11,219	91	25,891

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was approximately \$107,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$107,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,664,000 and the ratio of the UAAL to covered payroll was 2.9%. 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, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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 IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the health plan are \$883 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Employee Health Insurance Plan

The County, in conjunction with other organizations, entered into an agreement authorized in Chapter 28E of the Code of Iowa for health insurance which is funded through employer and employee contributions. The counties, cities and other participating organizations are contingently liable with respect to medical claims made by the participants in the plan. Employee Benefit Systems/Cobra Administrator (EBS) provides a service designed to administer compliance requirements. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The cash balance of the Monona County Health Care Plan was \$61,852 at June 30, 2013.

(11) Special Investigation

The Office of Auditor of State is currently performing a special investigation of the County Auditor's Office as a result of concerns identified by County Auditor employees. The Auditor of State's special investigation report will be released upon completion.

(12) Restatements

For the year ended June 30, 2013, the Statement of Net Position beginning net position increased to include federal revenue earned but not available during the year ended June 30, 2012 which was not previously reported. In addition, the Statement of Activities and the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position beginning net position increased to include cash held by the County's Health Plan Trustee which was not previously reported. Also, the Statement of Cash Flows beginning cash and cash equivalent balance increased. The restatements are as follows:

	Statement of Activities	Internal Service Fund	Statement of Cash Flows
Balances June 30, 2012, as previously reported	\$ 25,168,794	134,976	86,336
Previously unreported federal revenue	800,676	-	-
Previously unreported Health Plan Trustee Cash	26,630	26,630	26,630
Balances July 1, 2012, as restated	<u>\$ 25,996,100</u>	<u>161,606</u>	<u>112,966</u>

Required Supplementary Information

Monona County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2013

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 5,714,180	-	5,714,180
Interest and penalty on property tax	41,040	-	41,040
Intergovernmental	5,146,981	3,109	5,143,872
Licenses and permits	18,055	-	18,055
Charges for service	260,620	-	260,620
Use of money and property	808,906	-	808,906
Miscellaneous	576,474	370,246	206,228
Total receipts	12,566,256	373,355	12,192,901
Disbursements:			
Public safety and legal services	1,562,511	-	1,562,511
Physical health and social services	464,559	-	464,559
Mental health	321,786	-	321,786
County environment and education	551,820	-	551,820
Roads and transportation	5,936,905	-	5,936,905
Governmental services to residents	398,597	-	398,597
Administration	1,366,288	-	1,366,288
Non-program	200,479	200,479	-
Debt service	427,222	378,822	48,400
Capital projects	581,694	-	581,694
Total disbursements	11,811,861	579,301	11,232,560
Excess (deficiency) of receipts over (under) disbursements	754,395	(205,946)	960,341
Other financing sources, net	203,153	203,153	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	957,548	(2,793)	960,341
Balance beginning of year	5,786,473	72,737	5,713,736
Balance end of year	\$ 6,744,021	69,944	6,674,077

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
5,777,207	5,748,902	(34,722)
23,600	23,600	17,440
4,692,315	4,692,315	451,557
11,550	11,550	6,505
222,955	222,955	37,665
738,902	738,902	70,004
66,132	66,132	140,096
11,532,661	11,504,356	688,545
1,717,742	1,723,742	161,231
562,377	562,377	97,818
971,380	971,380	649,594
677,911	677,911	126,091
5,493,893	5,493,893	(443,012)
440,188	440,188	41,591
1,473,639	1,473,639	107,351
-	-	-
48,400	48,400	-
574,662	574,662	(7,032)
11,960,192	11,966,192	733,632
(427,531)	(461,836)	1,422,177
-	-	-
(427,531)	(461,836)	1,422,177
4,473,737	4,473,737	1,239,999
4,046,206	4,011,901	2,662,176

Monona 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	\$ 12,566,256	(956,436)	11,609,820
Expenditures	11,811,861	117,969	11,929,830
Net	754,395	(1,074,405)	(320,010)
Other financing sources, net	203,153	786,217	989,370
Beginning fund balances	5,786,473	812,902	6,599,375
Ending fund balances	\$ 6,744,021	524,714	7,268,735

See accompanying independent auditor's report.

Monona 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 blended component units, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$6,000. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the roads and transportation and capital projects functions.

Monona 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	-	\$ 163	163	0.0%	\$ 3,592	4.5%
2011	Jul 1, 2009	-	175	175	0.0	3,657	4.8
2012	Jul 1, 2011	-	107	107	0.0	3,664	2.9
2013	Jul 1, 2011	-	107	107	0.0	3,664	2.9

See Note 9 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

Monona County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2013

	Resource Enhancement and Protection	County Recorder's Records Management
Assets		
Cash, cash equivalents and pooled investments	\$ 17,175	37,503
Receivables:		
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Accounts receivable	-	-
Accrued interest	-	-
Drainage assessments:		
Current	-	-
Future	-	-
Due from other governments	-	146
Total assets	\$ 17,175	37,649
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ -	-
Deferred revenue:		
Succeeding year property tax	-	-
Other	-	-
Total liabilities	-	-
Fund balances:		
Restricted for:		
Drainage purposes	-	-
Debt service	-	-
Other purposes	17,175	37,649
Total fund balances	17,175	37,649
Total liabilities and fund balances	\$ 17,175	37,649

See accompanying independent auditor's report.

Special Revenue						
County						
Recorder's						
Electronic	Conservation	Drainage	Archer	Debt		
Transaction Fee	Trust	Districts	Trust	Service		Total
312	3,521	69,944	7,862	882		137,199
-	-	-	-	59		59
-	-	-	-	45,000		45,000
-	600	-	-	-		600
-	-	68,616	-	-		68,616
-	-	317,121	-	-		317,121
-	-	134,614	-	-		134,614
-	-	29,373	-	-		29,519
312	4,121	619,668	7,862	45,941		732,728
-	-	7,225	-	-		7,225
-	-	-	-	45,000		45,000
-	-	481,108	-	59		481,167
-	-	488,333	-	45,059		533,392
-	-	131,335	-	-		131,335
-	-	-	-	882		882
312	4,121	-	7,862	-		67,119
312	4,121	131,335	7,862	882		199,336
312	4,121	619,668	7,862	45,941		732,728

Monona County

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

Year ended June 30, 2013

	Resource Enhancement and Protection	County Recorder's Records Management	Special County Recorder's Electronic Transaction Fee
Revenues:			
Property tax	\$ -	-	-
Intergovernmental	9,268	-	-
Charges for service	-	2,051	-
Use of money and property	2	4	-
Miscellaneous	-	-	-
Total revenues	<u>9,270</u>	<u>2,055</u>	<u>-</u>
Expenditures:			
Operating:			
County environment and education	1,100	-	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	<u>1,100</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	8,170	2,055	-
Other financing sources:			
Drainage warrant proceeds	-	-	-
Change in fund balances	8,170	2,055	-
Fund balances beginning of year	9,005	35,594	312
Fund balances end of year	<u>\$ 17,175</u>	<u>37,649</u>	<u>312</u>

See accompanying independent auditor's report.

Revenue				
Conservation Trust	Drainage Districts	Archer Trust	Debt Service	Total
-	-	-	46,128	46,128
-	-	-	2,321	11,589
-	-	-	-	2,051
-	19,528	-	-	19,534
1,525	370,246	-	-	371,771
1,525	389,774	-	48,449	451,073
2,050	-	-	-	3,150
-	171,333	-	-	171,333
-	378,822	-	48,034	426,856
2,050	550,155	-	48,034	601,339
(525)	(160,381)	-	415	(150,266)
-	203,153	-	-	203,153
(525)	42,772	-	415	52,887
4,646	88,563	7,862	467	146,449
4,121	131,335	7,862	882	199,336

Monona County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	1,841	240,871	82,480	4,829
Other County officials	21,545	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Property tax:					
Delinquent	-	213	504	10,107	547
Succeeding year	-	159,000	377,000	7,139,000	412,000
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 21,545	161,054	618,375	7,231,587	417,376
Liabilities					
Accounts payable	\$ -	-	7,807	-	-
Due to other governments	8,919	161,054	606,273	7,231,587	417,376
Trusts payable	12,626	-	-	-	-
Compensated absences	-	-	4,295	-	-
Total liabilities	\$ 21,545	161,054	618,375	7,231,587	417,376

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
25,508	2,128	1,056	204,029	1,042,681	204,000	1,809,423
-	-	-	-	-	-	21,545
-	-	-	-	1,428	4,528	5,956
5,619	162	-	-	-	2	17,154
1,957,000	217,000	-	-	-	2,000	10,263,000
-	-	98,528	-	-	-	98,528
-	-	-	-	109,133	-	109,133
-	-	-	-	587,463	-	587,463
-	-	-	-	641	23,095	23,736
<u>1,988,127</u>	<u>219,290</u>	<u>99,584</u>	<u>204,029</u>	<u>1,741,346</u>	<u>233,625</u>	<u>12,935,938</u>
-	-	-	-	37,250	14,526	59,583
1,988,127	219,290	99,584	204,029	1,704,096	216,814	12,857,149
-	-	-	-	-	-	12,626
-	-	-	-	-	2,285	6,580
<u>1,988,127</u>	<u>219,290</u>	<u>99,584</u>	<u>204,029</u>	<u>1,741,346</u>	<u>233,625</u>	<u>12,935,938</u>

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2013

	Agricultural				
	County Offices	Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 15,180	159,127	540,082	7,165,417	417,588
Additions:					
Property and other county tax	-	159,238	377,239	7,134,495	412,244
E911 surcharges	-	-	-	-	-
State tax credits	-	7,947	18,436	359,459	20,828
Electronic transaction fees	-	-	-	-	-
Office fees and collections	355,747	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	65,754	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	421,501	167,185	395,675	7,493,954	433,072
Deductions:					
Agency remittances:					
To other funds	213,746	-	-	-	-
To other governments	143,767	165,258	317,382	7,427,784	433,284
Trusts paid out	57,623	-	-	-	-
Total deductions	415,136	165,258	317,382	7,427,784	433,284
Balances end of year	\$ 21,545	161,054	618,375	7,231,587	417,376

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
1,909,786	213,440	96,595	238,716	1,659,576	154,303	12,569,810
1,939,229	216,923	-	-	-	1,735	10,241,103
-	-	-	-	-	108,960	108,960
107,729	9,938	-	-	-	88	524,425
-	-	-	-	-	2,054	2,054
-	-	-	-	-	-	355,747
-	-	-	2,931,028	-	-	2,931,028
-	-	35,378	-	728,809	-	764,187
-	-	-	-	-	-	65,754
-	-	-	-	387,627	254,318	641,945
2,046,958	226,861	35,378	2,931,028	1,116,436	367,155	15,635,203
-	-	-	-	-	-	213,746
1,968,617	221,011	32,389	2,965,715	1,034,666	287,833	14,997,706
-	-	-	-	-	-	57,623
1,968,617	221,011	32,389	2,965,715	1,034,666	287,833	15,269,075
1,988,127	219,290	99,584	204,029	1,741,346	233,625	12,935,938

Monona County

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

For the Last Ten Years

	2013	2012	2011	2010
Revenues:				
Property and other county tax	\$ 5,334,059	4,912,903	4,791,180	4,441,028
Local option sales tax	374,454	354,148	384,895	298,021
Interest and penalty on property tax	40,975	41,335	48,625	47,540
Intergovernmental	4,961,929	5,483,342	4,995,389	5,205,958
Licenses and permits	18,055	17,914	23,441	19,089
Charges for service	266,849	261,523	268,682	270,522
Use of money and property	180,563	180,974	151,351	133,476
Miscellaneous	432,936	323,106	977,271	168,300
Total	\$ 11,609,820	11,575,245	11,640,834	10,583,934
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,542,167	1,659,465	1,539,312	1,502,227
Physical health and social services	484,879	588,532	702,058	680,218
Mental health	166,997	1,119,019	943,848	950,776
County environment and education	556,117	691,232	579,980	510,339
Roads and transportation	6,243,940	5,166,391	4,671,066	4,961,380
Governmental services to residents	396,074	384,938	349,701	357,417
Administration	1,359,773	1,335,272	1,230,200	1,237,514
Non-program	171,333	261,784	289,628	526,954
Debt service	426,856	354,955	499,822	231,557
Capital projects	581,694	665,214	460,146	951,371
Total	\$ 11,929,830	12,226,802	11,265,761	11,909,753

See accompanying independent auditor's report.

Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
4,402,891	4,156,786	3,827,396	3,505,877	3,236,275	3,578,571
328,949	312,547	259,019	286,700	279,548	266,414
36,760	34,794	34,660	36,065	29,574	32,998
5,135,888	4,566,620	4,119,028	4,404,664	4,840,236	4,380,663
15,549	13,291	4,782	14,988	8,383	6,894
258,797	243,990	244,281	254,502	266,643	256,727
172,916	281,898	273,883	220,167	135,752	115,425
293,012	261,580	227,401	242,476	160,735	202,117
10,644,762	9,871,506	8,990,450	8,965,439	8,957,146	8,839,809
1,445,381	1,410,859	1,524,442	1,366,019	1,286,130	1,236,371
665,971	648,216	642,486	678,994	683,490	663,052
972,878	947,118	876,352	731,575	704,122	743,359
541,371	484,672	422,869	409,006	457,116	431,777
3,360,561	3,225,385	3,616,304	3,560,787	3,705,814	3,762,048
351,495	317,837	299,698	420,487	270,144	285,714
1,276,578	1,186,945	1,192,533	1,226,434	995,626	1,024,697
263,501	198,781	214,719	140,830	63,758	61,913
209,096	293,199	118,219	71,399	55,308	71,039
711,791	713,985	333,017	659,460	518,434	2,098,484
9,798,623	9,426,997	9,240,639	9,264,991	8,739,942	10,378,454

Schedule 6

Monona County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		<u>\$ 1,606</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>9,697</u>
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (\$26,630 provided to subrecipients)	14.228	11-OT-004	<u>36,246</u>
National Highway Traffic Safety Administration:			
Iowa Department of Public Safety:			
Iowa Governors Safety Traffic Bureau:			
State and Community Highway Safety	20.600	PAP 13-03, Task	<u>4,000</u>
U.S. Environmental Protection Agency:			
Iowa Department of Public Health:			
State Indoor Radon Grants	66.032	MOU-01-C09	<u>2,000</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5882BT67	4,740
Public Health Emergency Preparedness	93.069	5883BT67	<u>27,597</u>
			<u>32,337</u>
Immunization Cooperative Agreements	93.268	5882I492	2,827
Immunization Cooperative Agreements	93.268	5883I492	<u>4,965</u>
			<u>7,792</u>
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539	5883I493	<u>675</u>
Harrison County Public Health:			
Promoting Safe and Stable Families	93.556	DCAT1-12-054	5,824
Page County Public Health:			
Promoting Safe and Stable Families	93.556	DCAT1-12-054	<u>3,124</u>
			<u>8,948</u>

Monona County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2013

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance-State Administered	93.566		44
Programs Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,245
Foster Care - Title IV-E	93.658		3,369
Adoption Assistance	93.659		941
Social Services Block Grant	93.667		2,919
Medical Assistance Program	93.778		9,647
Children's Health Insurance Program	93.767		37
Children's Health Insurance Program	93.767		136,657
			136,694
Shelby County Public Health:			
Child Care and Development Block Grant	93.575	HMSECI-13-08	1,314
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	FEMA-1998-DR-IA	419,970
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	FEMA-4126-DR-IA	18,938
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	133-0667D-00	6,815
			445,723
Hazard Mitigation Grant (\$23,078 provided to subrecipients)	97.039	FEMA-1763-DR-IA	23,078
Emergency Management Performance Grants	97.042	EMPG-12-PT-67	7,486
Emergency Management Performance Grants	97.042	EMPG-13-PT-67	14,619
			22,105
Total indirect			749,774
Total			\$ 751,380

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Monona County and is presented on the modified accrual basis of accounting. The information on 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.

Monona County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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

To the Officials of Monona 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 Monona 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 June 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monona 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 Monona County's internal control. Accordingly, we do not express an opinion on the effectiveness of Monona 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 certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-13 and II-B-13 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-13 through II-F-13 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monona 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 an instance of non-compliance or other matters that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs. Also, 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.

Monona County's Responses to the Findings

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

June 6, 2014

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

Monona County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Monona County:

Report on Compliance for Each Major Federal Program

We have audited Monona 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. Monona 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 Monona 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 Monona 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 Monona County's compliance.

Opinion on Each Major Federal Program

In our opinion, Monona 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 Monona 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 Monona 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 Monona County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-13 to be a material weakness.

Monona County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Monona County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

June 6, 2014

Monona 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) Significant deficiencies and material weaknesses 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) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(1).
- g) The major program was CFDA Number-97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Monona County did not qualify as a low-risk auditee.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

A special investigation report on the County Auditor's Office will be released upon completion.

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 two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts and disbursements. Also, responsibilities for maintaining detailed accounts receivable records are not segregated from those for collections and records postings. Also, the bank reconciliations are not reviewed by a person who is not responsible for receipts and disbursements.	Treasurer, Sheriff, Recorder, Conservation and County Extension
(2) An independent reconciliation of recorded receipts to the initial receipts listing is not performed.	Treasurer
(3) The person responsible for the detailed record keeping of investments is not independent of the custodian.	Treasurer
(4) Inventory and supplies receiving, accounting and custody responsibilities are not properly segregated.	Secondary Roads
(5) Tickets for camp facilities are not pre-numbered and reconciled with cash receipts	Conservation

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, officials should review the internal control activities of their offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Reviews performed by an independent person should be documented by the signature or initials of the reviewer and the date of the review.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Responses -

Treasurer - (1) Departments will rotate daily deposit procedures. (2) A random selection of recorded receipts will be selected daily to reconcile the recorded receipts to the initial listing. (3) Employees separate from those cash receipting will help with the reconciliation of investments.

Sheriff - The Sheriff's Office will make an effort to have those processing the mail be different from those who make deposits and paying claims. The Sheriff or his designees will initial deposits to make sure monies received match those receipted into the account.

Recorder - All three of us check the bank deposits and bank account.

Secondary Roads - The Secondary Roads Department does its best to segregate these responsibilities. However, limited staff prevents this from being adequately done.

County Extension - Staff separate duties of opening and approving bills. Two Council members sign checks and initial financial reports. For 2014, we will ensure our Chairperson signs financial statements and keeps on file. We will also have the Supervisor review all deposits and bank statements every month and sign off on them. We already have in place separate duties when it comes to opening and approving bills and we have two Council members sign checks.

Conservation - (1) Currently, the Director and Ranger collect receipts and the Secretary prepares the deposit. The office will review procedures but with limited staff, it is difficult to properly segregate these duties. (2) This is almost impossible as tickets are constantly being destroyed by people burning them, writing on them or stealing them. This would be very difficult to track while these issues are still occurring at all parks across the County.

Conclusions -

Treasurer, Sheriff, County Extension and Conservation - Responses accepted.

Recorder and Secondary Roads - Responses acknowledged. The offices should utilize current personnel, including other officials and employees, to provide additional control for their accounts.

- II-B-13 Financial Reporting - During the audit, we identified material amounts of revenues, accounts receivable, deferred revenue, accounts payable and bank accounts not recorded in the County's financial statements. Adjustments were subsequently made by the County to include these amounts in the financial statements.

In addition, the County's GAAP basis Annual Financial Report does not agree with County records.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Recommendation – The County should implement procedures to ensure all financial activity is identified and included in the County’s financial reports and the GAAP basis Annual Financial Report agrees with County records.

Response – All accruals will be reviewed on a monthly basis by department heads to ensure we have assistance from each department in determining which claims need to be accrued. This will be done when expenditure reports are sent out in August and September to help catch any that were overlooked. We also are reviewing with Secondary Roads in more detail since they enter their own claims and can be easily overlooked.

Conclusion - Response accepted.

II-C-13 Computer Systems – The County has not developed a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County IT Administrator has been working with departments on creating an IT steering committee to work on things such as the Disaster Recovery Plan. Each department will be responsible to submit their office needs and the IT Administrator will then be able to put all the requirements together as a County wide policy.

Conclusion – Response accepted.

II-D-13 Capital Assets – Detailed capital asset records are maintained. However, Board authorization is not consistently obtained prior to the purchase or disposal of equipment.

Recommendation – A system to obtain authorization prior to the purchase or disposal of equipment items should be developed. Procedures should ensure assets properly approved are added and deleted from the capital assets records.

Response – The County is in the process of adopting an Inventory Policy in regards to authorization required for asset additions and deletions. Currently, the Procurement Policy requires pre-approval for purchases over \$5,000, except for the Secondary Roads Department which has a higher pre-approval limit. This should cover the asset additions if all offices follow the policy. However, if it is also included in a separate Inventory Policy, department heads will hopefully have a second reminder about large purchases which affect capital assets.

Conclusion – Response accepted.

II-E-13 Infrastructure Useful Lives – The County’s capitalization policy indicates infrastructure should be depreciated between 30 and 50 years. 25 of the 36 infrastructure items tested used estimated useful lives outside of this range, which resulted in incorrect depreciation expense.

Recommendation – The County should ensure depreciation calculations use correct approved estimated useful lives.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Response – The County is going to amend the current policy to expand the range of useful lives for certain items. Also, the County will remind departments to review and ensure the items are classified in accordance with the policy. The policy will also be updated periodically.

Conclusion – Response accepted.

- II-F-13 Inventory – Detailed inventory records are maintained. However, there is no written policy to determine when County inventory items are to be used for County use or when they may be disposed of as scrap metal.

Recommendation – The County should develop written policies for inventory use and the disposal of scrap metal.

Response – The County will develop policies for inventory use and the disposal of materials.

Conclusion – Response accepted.

Monona 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 exceeded the amounts budgeted in the roads and transportation and capital projects function.

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

Response – The County will monitor disbursements to ensure they do not exceed budgeted amounts in the future.

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 – Business transactions between the County and County officials or employees are as follows:

Name, Title and Business Connection	Transaction Description	Amount
Doug Kuhlman, Conservation Director, Owner of Kuhlman Home Improvements	Equipment rental	\$ 3,870
LeAnn McClure, Deputy Auditor, wife of Robert McClure, owner of McClure Plumbing & Heating	Repairs	491
Vicki Gray, Deputy Auto Department, sister of Byron Thelander, owner of Byron Thelander Heating & Cooling	Motor repair	241
Gregg Ramm, Assistant County Engineer, brother of Keith Ramm, owner of Ramm, Heating & Cooling, LLC	Heater repair	195
Rhonda Murray, Deputy Treasurer, wife of Jaimie Murray, owner of M&M Feeds	K-9 dog food supplies	74

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with Kuhlmann Home Improvements may represent a conflict of interest since total transactions exceeded \$1,500 during the year and the transactions were not competitively bid.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with McClure Plumbing & Heating, Byron Thelander Heating & Cooling, Ramm Heating & Cooling, LLC and M&M Feeds do not appear to represent conflicts of interest since the total transactions with each were less than \$1,500 during the year.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The County will contact legal counsel and develop policies and procedures to comply with Chapter 331.342(2)(c) of the Code of Iowa.

Conclusion – Response accepted.

IV-E-13 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

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).

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 County Emergency Management Agency – Disbursements during the year ended June 30, 2013 for the County Emergency Management Agency exceeded the amount budgeted.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Will monitor budgets closer in the future to ensure disbursements don't exceed budgets.

Conclusion – Response accepted.

Monona County

Staff

This audit was performed by:

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