



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

Mary Mosiman, CPA  
Auditor of State

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Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

March 26, 2015

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$8,232,673 for the year ended June 30, 2014, which included \$437,246 in tax credits from the state. The County forwarded \$5,307,038 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,925,635 of the local tax revenue to finance County operations, an 8.7% decrease over the prior year. Other revenues included charges for service of \$876,906, operating grants, contributions and restricted interest of \$2,357,630, capital grants, contributions and restricted interest of \$735,393, local option sales tax of \$202,547, unrestricted investment earnings of \$15,837 and other general revenues of \$94,351.

Expenses for County operations for the year ended June 30, 2014 totaled \$6,304,780, a 1.1% increase over the prior year. Expenses included \$2,795,741 for roads and transportation, \$1,112,694 for public safety and legal services and \$913,393 for county environment and education.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0002-B00F.pdf>.

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**ADAMS COUNTY**

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

**JUNE 30, 2014**

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**Adams County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Douglas Birt	Board of Supervisors	Jan 2015
Linda England	Board of Supervisors	Jan 2015
Phyllis Mullen	Board of Supervisors	Jan 2015
Merlin Dixon	Board of Supervisors	Jan 2017
Karl McCarty	Board of Supervisors	Jan 2017
Rebecca Bissell	County Auditor	Jan 2017
Nancy Kempton	County Treasurer	Jan 2015
Mary Miller	County Recorder	Jan 2015
Alan Johannes	County Sheriff	Jan 2017
Duane Golden	County Attorney	Jan 2015
Wesley Ray	County Assessor	Jan 2016

**Adams County**



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Independent Auditor's Report

To the Officials of Adams 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 Adams County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Adams County as of June 30, 2014, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 48 through 51 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*

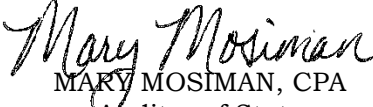
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adams County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.


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



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2015 on our consideration of Adams 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 Adams County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 10, 2015

**Adams County**

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

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

### **2014 FINANCIAL HIGHLIGHTS**

- Adams County's governmental activities' revenues increased 3.8%, or approximately \$263,000, from fiscal year 2013 to fiscal year 2014. Property tax decreased approximately \$283,000, operating grants, contributions and restricted interest decreased approximately \$140,000 and capital grants, contributions and restricted interest increased approximately \$675,000.
- Program expenses of the County's governmental activities were 1.1%, or approximately \$69,000, more in fiscal year 2014 than in fiscal year 2013. Public safety and legal services expenses increased approximately \$197,000, mental health expenses decreased approximately \$186,000 and county environment and education expenses increased approximately \$259,000.
- The County's net position increased 10.5%, or approximately \$904,000, from June 30, 2013 to June 30, 2014.

### **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 Adams 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 Adams 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 Adams County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

The Statement of Net Position presents financial information on all of the County's assets, liabilities and deferred inflows of resources, with the difference 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 two 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) 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 the County Assessor, emergency management and CPC case management administration, 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. Adams County's combined net position increased 10.5% over a year ago, increasing from approximately \$8.6 million to approximately \$9.5 million. The analysis that follows focuses on the net position of governmental activities.

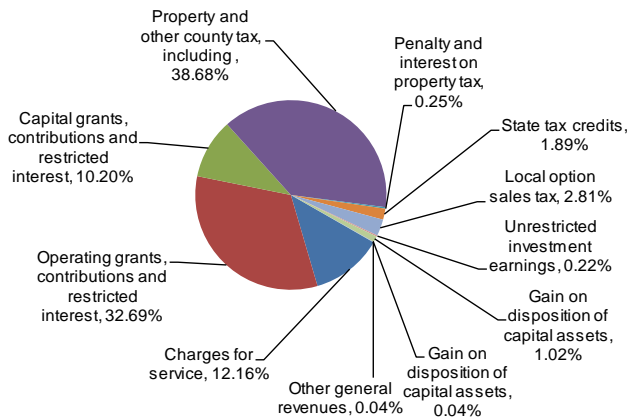
Net Position of Governmental Activities		
	June 30,	
	2014	2013
Current and other assets	\$ 6,942,762	6,723,906
Capital assets	9,424,406	8,976,765
Total assets	<u>16,367,168</u>	<u>15,700,671</u>
Long-term liabilities	3,618,253	3,935,018
Other liabilities	460,913	829,170
Total liabilities	<u>4,079,166</u>	<u>4,764,188</u>
Deferred Inflows of resources	<u>2,819,000</u>	<u>2,371,000</u>
Net position:		
Invested in capital assets	9,424,406	8,976,765
Restricted	2,262,911	2,012,660
Unrestricted	<u>(2,218,315)</u>	<u>(2,423,942)</u>
Total net position	<u>\$ 9,469,002</u>	<u>8,565,483</u>

Net position of Adams County's governmental activities increased 10.5% (approximately \$9.5 million compared to approximately \$8.6 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$2.4 million at June 30, 2013 to a deficit of approximately \$2.2 million at the end of this year. The deficit of approximately \$2.2 million is due primarily to urban renewal tax increment revenue bonds of approximately \$2.5 million and local option sales tax revenue bonds of \$685,000 for which the assets acquired by the debt proceeds are not recorded by the County.

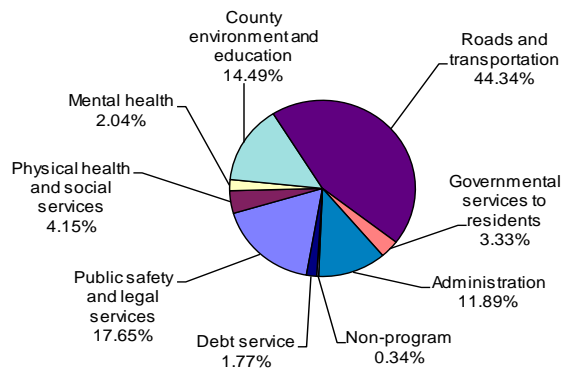
**Changes in Net Position of Governmental Activities**

	Year ended June 30,	
	2014	2013
<b>Revenues:</b>		
Program revenues:		
Charges for service	\$ 876,906	774,243
Operating grants, contributions and restricted interest	2,357,630	2,497,880
Capital grants, contributions and restricted interest	735,393	60,473
General revenues:		
Property and other county tax, including tax increment financing	2,789,448	3,072,785
Penalty and interest on property tax	17,706	17,335
State tax credits	136,187	129,932
Local option sales tax	202,547	224,368
Unrestricted investment earnings	15,837	18,020
Gain on disposition of capital assets	73,580	70,075
Other general revenues	3,065	80,441
<b>Total revenues</b>	<b>7,208,299</b>	<b>6,945,552</b>
<b>Program expenses:</b>		
Public safety and legal services	1,112,694	915,405
Physical health and social services	261,950	275,041
Mental health	128,476	314,132
County environment and education	913,393	654,538
Roads and transportation	2,795,741	2,935,814
Governmental services to residents	210,077	265,824
Administration	749,871	715,431
Non-program	21,201	34,409
Debt service	111,377	124,733
<b>Total expenses</b>	<b>6,304,780</b>	<b>6,235,327</b>
<b>Change in net position</b>	<b>903,519</b>	<b>710,225</b>
<b>Net position beginning of year</b>	<b>8,565,483</b>	<b>7,855,258</b>
<b>Net position end of year</b>	<b>\$ 9,469,002</b>	<b>8,565,483</b>

**Revenues by Source**



**Expenses by Program**



Adams County decreased property tax rates \$.16114 per \$1,000 of taxable valuation for the countywide levy and decreased property tax rates \$.58514 per \$1,000 of taxable valuation for the rural services levy. The fiscal year 2014 Adams County taxable property valuation increased \$9,366,561. Adams County's general basic tax levy for fiscal year 2014 was \$3.50 per \$1,000 of taxable valuation. The net effect of these changes decreased the County's property and other county tax revenue \$283,337 in fiscal year 2014.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Adams County completed the year, its governmental funds reported a combined fund balance of approximately \$3.6 million, an increase of \$115,366 from last year's total of approximately \$3.5 million. The increase in the combined fund balance is due primarily to increases in the Special Revenue, Secondary Roads and Local Option Sales Tax Funds. Changes in fund balances of the major funds from the prior year are as follows:

- General Fund revenues decreased \$73,337 as a result of a decrease in taxes. Expenditures increased \$191,088, mainly due to maintenance projects completed at Lake Icaria. The General Fund ending balance decreased \$287,287 from the prior year to \$1,484,569.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$122,310, a decrease of 60.3% from the prior year, and revenues decreased \$116,621. The Special Revenue, Mental Health Fund balance at year end increased \$155,699 from the prior year to a balance of \$85,357. Expenditures and revenues decreased primarily due to the statewide mental health redesign, which shifts Medicaid revenues and expenditures to the regional level and away from the county level.
- Special Revenue, Rural Services Fund revenues decreased \$118,238 due to a decrease in levy rates. The Rural Services Fund ending balance decreased \$95,539 from the prior year to \$230,828. There were no significant changes in expenditures for the Rural Services Fund. Transfers to the Special Revenue, Secondary Roads Fund increased \$24,590.
- Special Revenue, Secondary Roads Fund revenues decreased \$72,241 from the prior year as a result of a decrease in insurance reimbursement and disposal of old equipment. Secondary Roads Fund expenditures decreased approximately \$155,000, primarily due to the County spending less on road maintenance and making fewer equipment purchases. These changes resulted in an increase of \$259,499 in the Secondary Roads Fund ending balance from fiscal year 2013 to \$1,122,513 at June 30, 2014.
- Special Revenue, Local Option Sales Tax Fund expenditures increased \$34,436 from the prior year due to requests for project assistance from Adams County Community on Sustainability and server software for the County. Local Option Sales Tax Fund revenues decreased \$21,821 from the prior year due to a decrease in local option sales tax revenue during fiscal year 2014. These changes resulted in an increase of \$44,489 in the Local Option Sales Tax Fund ending balance from fiscal year 2013 to \$424,257 at June 30, 2014.
- Special Revenue, Urban Renewal Fund revenues decreased \$49,559 from the prior year as a result of the changes in levy rates. There were no significant changes in expenditures for the Urban Renewal Fund. The changes resulted in an increase of \$31,524 in the Urban Renewal Fund ending balance from fiscal year 2013 to \$147,455 at June 30, 2014.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Adams County amended its budget one time. The amendment was made in May 2014 and included increased budgeted disbursements of \$238,122, \$50,285, \$32,203 and \$30,000 in the mental health, county environment and education, public safety and legal services and administration functions. The increases were necessary to prevent various departments from over spending budgeted amounts due to unanticipated expenses.

The County's actual receipts were \$144,429 more than budgeted, a variance of 2.3%. The variance resulted from the County receiving more intergovernmental receipts than anticipated due to an additional conservation grant for a fish habitat and a fishing pond, road use tax was more than expected and an increase in receipts for the care of prisoners from other surrounding counties as their jails were being repaired.

Total disbursements were \$937,181 less than budgeted. Actual disbursements for the roads and transportation, mental health and public safety and legal services functions were under the budget by \$380,506, \$129,006, and \$120,515, respectively. The variance in the mental health function was a result of the mental health redesign. The variance in the roads and transportation function was due to projects not being as far along as expected. The variance in the public safety and legal services function is the result of lower personnel costs than expected due to unfilled positions.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, Adams County had approximately \$9.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$448,000, or 5.0%, from last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2014	2013
Land	\$ 50,166	50,166
Intangibles, road network	215,100	215,100
Buildings and improvements	1,365,238	1,437,983
Equipment and vehicles	1,850,502	1,800,613
Infrastructure, road network	5,943,400	5,472,903
Total	<u>\$ 9,424,406</u>	<u>8,976,765</u>
This year's major additions included:		
Capital assets contributed by the		
Iowa Department of Transportation	\$ 285,836	
Motor grader	222,814	
Loader	76,500	
Total	<u>\$ 585,150</u>	

The County had depreciation expense of \$632,424 in fiscal year 2014 and total accumulated depreciation of \$5,369,515 at June 30, 2014. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.



## Long-Term Debt

At June 30, 2014, Adams County had \$3,220,103 of revenue bonds and other debt outstanding, compared to \$3,581,876 at June 30, 2013.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2014	2013
Revenue bonds	\$ 3,211,925	3,558,698
Installment purchase agreement	8,178	23,178
<b>Total</b>	<b>\$ 3,220,103</b>	<b>3,581,876</b>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County has no outstanding general obligation debt as of June 30, 2014. The County's constitutional debt limit is approximately \$30 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Adams County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Adams County's employment (number of persons working) has increased 5.5% over the past 5 years. Total resident employment in 2014 was 2,100 and total resident employment in 2013 was 2,070. Unemployment in the County increased from 3.5% in 2013 to 3.8% in 2014. This compares with the State's unemployment rate of 4.4% and the national rate of 6.1%.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the fiscal year 2015 operating budget are \$7,379,180, an increase of 7.8% from the final fiscal year 2014 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease from \$2,971,347 to \$1,782,123 by the close of fiscal year 2015.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Adams 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 Adams County Auditor's Office, 500 9<sup>th</sup> Street, Corning, Iowa, 50841.

**Adams County**

## **Basic Financial Statements**

Adams County  
Statement of Net Position  
June 30, 2014

	Governmental Activities
<b>Assets</b>	
Cash and pooled investments	\$ 3,752,634
Receivables:	
Property tax:	
Delinquent	2,671
Succeeding year	2,452,000
Succeeding year tax increment financing	367,000
Accounts	14,280
Accrued interest	1,308
Due from other governments	230,778
Inventories	122,091
Capital assets, net of accumulated depreciation	9,424,406
<b>Total assets</b>	<b>16,367,168</b>
<b>Liabilities</b>	
Accounts payable	366,705
Salaries and benefits payable	4,962
Due to other governments	89,246
Long-term liabilities:	
Portion due or payable within one year:	
Installment purchase agreement	4,089
Revenue bonds	360,150
Compensated absences	43,333
Portion due or payable after one year:	
Installment purchase agreement	4,089
Revenue bonds	2,851,775
Compensated absences	205,817
Net OPEB liability	149,000
<b>Total liabilities</b>	<b>4,079,166</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	2,819,000
<b>Net Position</b>	
Net investment in capital assets	9,424,406
Restricted for:	
Supplemental levy purposes	766,679
Rural services purposes	233,660
Secondary roads purposes	946,975
Conservation land acquisition/capital improvements	31,443
Mental health	79,266
Debt service	96,772
Other purposes	108,116
Unrestricted	(2,218,315)
<b>Total net position</b>	<b>\$ 9,469,002</b>

See notes to financial statements.

Adams County

Statement of Activities

Year ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,112,694	412,712	4,125	-	(695,857)
Physical health and social services	261,950	10,340	67,966	-	(183,644)
Mental health	128,476	11,415	86,468	-	(30,593)
County environment and education	913,393	253,662	103,649	-	(556,082)
Roads and transportation	2,795,741	13,327	2,085,395	735,393	38,374
Governmental services to residents Administration	210,077	102,313	10,027	-	(97,737)
	749,871	4,528	-	-	(745,343)
Non-program	21,201	68,609	-	-	47,408
Debt service	111,377	-	-	-	(111,377)
<b>Total</b>	<b>\$ 6,304,780</b>	<b>876,906</b>	<b>2,357,630</b>	<b>735,393</b>	<b>(2,334,851)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					2,392,252
Tax increment financing					397,196
Penalty and interest on property tax					17,706
State tax credits					136,187
Local option sales tax					202,547
Unrestricted investment earnings					15,837
Gain on disposition of capital assets					73,580
Miscellaneous					3,065
<b>Total general revenues</b>					<b>3,238,370</b>
Change in net position					903,519
Net position beginning of year					8,565,483
Net position end of year					<b>\$ 9,469,002</b>
See notes to financial statements.					

Adams County

Balance Sheet  
Governmental Funds

Year ended June 30, 2014

	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments	\$ 1,629,566	192,006	231,249
Receivables:			
Property tax:			
Delinquent	2,579	84	8
Succeeding year	1,575,000	174,000	703,000
Succeeding year tax increment financing	-	-	-
Accounts	11,899	-	725
Accrued interest	1,254	-	-
Due from other governments	43,140	-	2,275
Inventories	-	-	-
<b>Total assets</b>	\$ 3,263,438	366,090	937,257
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 179,652	19,055	596
Salaries and benefits payable	-	-	-
Due to other governments	1,643	87,603	-
Total liabilities	181,295	106,658	596
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	1,575,000	174,000	703,000
Succeeding year tax increment financing	-	-	-
Other	22,574	75	2,833
Total deferred inflows of resources	1,597,574	174,075	705,833
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	766,466	-	-
Mental health purposes	-	85,357	-
Rural services purposes	-	-	230,828
Secondary roads purposes	-	-	-
SIRWA water grid	62,500	-	-
Local option sales tax	-	-	-
Urban renewal	-	-	-
Debt service	-	-	-
Conservation land acquisition/capital improvements	31,443	-	-
Other purposes	-	-	-
Unassigned	624,160	-	-
Total fund balances	1,484,569	85,357	230,828
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 3,263,438	366,090	937,257

See notes to financial statements

Special Revenue				
Secondary Roads	Local Option Sales Tax	Urban Renewal	Nonmajor	Total
1,019,679	390,345	147,411	142,378	3,752,634
-	-	-	-	2,671
-	-	-	-	2,452,000
-	-	367,000	-	367,000
1,656	-	-	-	14,280
-	-	44	10	1,308
151,451	33,912	-	-	230,778
122,091	-	-	-	122,091
<b>1,294,877</b>	<b>424,257</b>	<b>514,455</b>	<b>142,388</b>	<b>6,942,762</b>
167,402	-	-	-	366,705
4,962	-	-	-	4,962
-	-	-	-	89,246
<b>172,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>460,913</b>
-	-	-	-	2,452,000
-	-	367,000	-	367,000
-	-	-	-	25,482
-	-	367,000	-	2,844,482
122,091	-	-	-	122,091
-	-	-	-	766,466
-	-	-	-	85,357
-	-	-	-	230,828
1,000,422	-	-	-	1,000,422
-	-	-	-	62,500
-	424,257	-	-	424,257
-	-	147,455	-	147,455
-	-	-	96,772	96,772
-	-	-	-	31,443
-	-	-	45,616	45,616
-	-	-	-	624,160
<b>1,122,513</b>	<b>424,257</b>	<b>147,455</b>	<b>142,388</b>	<b>3,637,367</b>
<b>1,294,877</b>	<b>424,257</b>	<b>514,455</b>	<b>142,388</b>	<b>6,942,762</b>

**Adams County**



Adams County

Reconciliation of the Balance Sheet –  
Governmental Funds to the Statement of Net position

June 30, 2014

**Total governmental fund balances (page 21)** \$ 3,637,367

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$14,793,921 and the accumulated depreciation is \$5,369,515. 9,424,406

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 25,482

Long-term liabilities, including the installment purchase agreement, urban renewal tax increment revenue bonds, local option sales tax revenue bonds, compensated absences and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (3,618,253)

**Net position of governmental activities (page 18)** \$ 9,469,002

See notes to financial statements.

Adams County

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

Year ended June 30, 2014

	General	Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 1,528,348	179,191	684,520
Interest and penalty on property tax	17,096	-	-
Tax increment financing	-	-	-
Local option sales tax	-	-	-
Intergovernmental	547,711	96,955	40,802
Licenses and permits	390	-	3,600
Charges for service	361,101	-	1,250
Use of money and property	89,818	-	-
Miscellaneous	86,095	1,863	97
<b>Total revenues</b>	<b>2,630,559</b>	<b>278,009</b>	<b>730,269</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	1,024,872	-	10,168
Physical health and social services	230,129	-	25,849
Mental health	-	122,310	-
County environment and education	690,062	-	68,464
Roads and transportation	-	-	-
Governmental services to residents	219,313	-	1,845
Administration	720,139	-	-
Non-program	21,201	-	-
Debt service	-	-	-
Capital projects	12,094	-	-
<b>Total expenditures</b>	<b>2,917,810</b>	<b>122,310</b>	<b>106,326</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(287,251)</b>	<b>155,699</b>	<b>623,943</b>
<b>Other financing sources (uses):</b>			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(36)	-	(719,482)
<b>Total other financing sources (uses)</b>	<b>(36)</b>	<b>-</b>	<b>(719,482)</b>
<b>Change in fund balances</b>	<b>(287,287)</b>	<b>155,699</b>	<b>(95,539)</b>
<b>Fund balances beginning of year</b>	<b>1,771,856</b>	<b>(70,342)</b>	<b>326,367</b>
<b>Fund balances end of year</b>	<b>\$ 1,484,569</b>	<b>85,357</b>	<b>230,828</b>

See notes to financial statements.

Special Revenue				
Secondary Roads	Local Option Sales Tax	Urban Renewal	Nonmajor	Total
-	-	-	-	2,392,059
-	-	-	-	17,096
-	-	397,196	-	397,196
-	202,547	-	-	202,547
2,084,308	25,220	-	11,125	2,806,121
1,650	-	-	-	5,640
-	-	-	870	363,221
-	-	635	104	90,557
13,087	-	-	-	101,142
2,099,045	227,767	397,831	12,099	6,375,579
-	-	-	-	1,035,040
-	-	-	-	255,978
-	-	-	-	122,310
-	76,163	-	-	834,689
2,518,062	-	-	-	2,518,062
-	-	-	-	221,158
-	14,772	-	5,154	740,065
-	-	-	-	21,201
-	-	366,307	91,843	458,150
48,986	500	-	-	61,580
2,567,048	91,435	366,307	96,997	6,268,233
(468,003)	136,332	31,524	(84,898)	107,346
8,020	-	-	-	8,020
719,482	-	-	91,879	811,361
-	(91,843)	-	-	(811,361)
727,502	(91,843)	-	91,879	8,020
259,499	44,489	31,524	6,981	115,366
863,014	379,768	115,931	135,407	3,522,001
1,122,513	424,257	147,455	142,388	3,637,367

Adams County

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

Year ended June 30, 2014

**Change in fund balances - Total governmental funds (page 25)** \$ 115,366

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

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

Expenditures for capital assets	\$ 728,669	
Capital assets contributed by the Iowa Department of Transportation	285,836	
Depreciation expense	<u>(632,424)</u>	382,081

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 65,560

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

Property tax	193	
Other	<u>23,554</u>	23,747

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. 361,773

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	(8,008)	
Other postemployment benefits	<u>(37,000)</u>	<u>(45,008)</u>

**Change in net position of governmental activities (page 19)** \$ 903,519

See notes to financial statements.

Adams County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2014

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 537,624
Other County officials	5,517
Receivables:	
Property tax:	
Delinquent	4,225
Succeeding year	5,018,000
Accrued interest	58
Special assessments	341
Due from other governments	89,497
<b>Total assets</b>	<b>5,655,262</b>

**Liabilities**

Accounts payable	1,507
Due to other governments	5,596,584
Trusts payable	1,369
Compensated absences	55,802
<b>Total liabilities</b>	<b>5,655,262</b>

**Net position**

\$ -

See notes to financial statements.

**Adams County**

Adams County

Notes to Financial Statements

June 30, 2014

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Adams County Assessor's Conference Board, Adams County Emergency Management Commission and the South Central Iowa Regional 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 following jointly governed organizations: Creston Cluster Decat Program, Adams and Taylor Counties Regional Service Agency, Mental Health Services Coordinator Board, South Iowa Area Detention Service Agency and Adams, Taylor and Union County Medicaid Case Management Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. 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, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation.

*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. Enabling legislation did not result in any restricted net position.

*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 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 General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used to make payments on the local option sales tax revenue bonds, with any remaining revenues used for any lawful purpose determined by the Board of Supervisors.

The Urban Renewal Fund receives revenues from a tax authorized by ordinance in the urban renewal district for repayment of tax increment financing indebtedness.

Additionally, the County reports the following funds:

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 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.

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

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

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

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

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 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 and buildings	\$ 50,000
Land	10,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and infrastructure	20 - 100
Intangibles	5 - 20
Equipment and vehicles	3 - 30

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.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is paid at 50%, not to exceed 360 hours, upon retirement or death. A liability is recorded when incurred in the government-wide 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, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Secondary Roads Fund.

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

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the mental health function prior to amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

**(3) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
County Attorney Forfeiture	General	\$ 36
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	719,482
Aquatic Center Sinking	Local Option Sales Tax	91,843
Total		<u>\$ 811,361</u>

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

**(4) Capital Assets**

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

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 50,166	-	-	50,166
Construction in progress	143,868	780,141	(127,199)	796,810
Intangibles, road network	215,100	-	-	215,100
Total capital assets not being depreciated	<u>409,134</u>	<u>780,141</u>	<u>(127,199)</u>	<u>1,062,076</u>
Capital assets being depreciated:				
Buildings	2,909,328	-	-	2,909,328
Equipment and vehicles	3,732,118	352,963	(265,901)	3,819,180
Infrastructure, road network	6,876,138	127,199	-	7,003,337
Total capital assets being depreciated	<u>13,517,584</u>	<u>480,162</u>	<u>(265,901)</u>	<u>13,731,845</u>
Less accumulated depreciation for:				
Buildings	1,471,345	72,745	-	1,544,090
Equipment and vehicles	1,931,505	250,035	(212,862)	1,968,678
Infrastructure, road network	1,547,103	309,644	-	1,856,747
Total accumulated depreciation	<u>4,949,953</u>	<u>632,424</u>	<u>(212,862)</u>	<u>5,369,515</u>
Total capital assets being depreciated, net	<u>8,567,631</u>	<u>(152,262)</u>	<u>(53,039)</u>	<u>8,362,330</u>
Governmental activities capital assets, net	<u>\$ 8,976,765</u>	<u>627,879</u>	<u>(180,238)</u>	<u>9,424,406</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 72,512
Physical health and social services	5,972
County environment and education	82,012
Roads and transportation	464,725
Administration	7,203
Total depreciation expense - governmental activities	<u>\$ 632,424</u>

**(5) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 1,643
Special Revenue:		
Mental Health	Services	87,603
Total for governmental funds		<u>\$ 89,246</u>
Agency:		
Agricultural Extension Education	Collections	\$ 82,723
County Assessor		366,796
Schools		3,888,030
Community Colleges		217,250
Corporations		650,208
Townships		127,764
Auto License and Use Tax		113,184
All other		150,629
Total for agency funds		<u>\$ 5,596,584</u>

**(6) Long-Term Liabilities**

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

	Installment Purchase Agreement	Urban Renewal Tax Increment Revenue Bonds	Local Option Sales Tax Revenue Bonds	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 23,178	2,813,698	745,000	241,142	112,000	3,935,018
Increases	-	-	-	80,621	44,000	124,621
Decreases	15,000	286,773	60,000	72,613	7,000	441,386
Balance end of year	<u>\$ 8,178</u>	<u>2,526,925</u>	<u>685,000</u>	<u>249,150</u>	<u>149,000</u>	<u>3,618,253</u>
Due within one year	<u>\$ 4,089</u>	<u>295,150</u>	<u>65,000</u>	<u>43,333</u>	<u>-</u>	<u>407,572</u>

Installment Purchase Agreement

In June 2013, the County entered into an interest free installment purchase agreement to purchase voting equipment.

A summary of the installment purchase agreement is as follows:

Year ending June 30,	Amount
2015	\$ 4,089
2016	4,089
Total	<u>\$ 8,178</u>

Urban Renewal Tax Increment Revenue Bonds

The County sold \$2,400,000 and \$1,660,000 of urban renewal tax increment (TIF) revenue bonds dated January 26, 2007 and February 13, 2007, respectively. The bonds bear interest at 2.9% per annum with final maturity on December 1, 2021. On June 1, 2016 and June 1, 2021, the interest rate on the bonds shall be adjusted to a rate 130 basis points higher than the five year U.S. Treasury rate as published in the Wall Street Journal. Principal and interest on the bonds shall be payable in semi annual payments of \$108,268 and \$74,885, respectively, on June 1 and December 1, beginning December 1, 2009 and continuing through a final payment of all remaining principal and interest on December 1, 2021.

The County reserves the right to call and prepay any principal amount of these bonds at any time upon the County giving notice by registered or certified mail to the purchaser or other registered holder not less than thirty days prior to the date set for prepayment.

The County has covenanted it will call and prepay any principal amounts of these bonds on June 1 of each year in an amount equal to the balance of funds remaining in the Special Revenue, Urban Renewal Fund after the then current June 1 payments of principal and interest have been made.

Formal repayment schedules have been established for the urban renewal tax increment revenue bonds. However, these are subject to change depending on the County’s right to prepay these bonds at any time and the adjustable interest rate.

Details of the County’s June 30, 2014 urban renewal tax increment revenue bond indebtedness are as follows:

Year Ending June 30,	Series 2006			Series 2007			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2015	2.90%	\$ 173,195	43,341	2.90%	\$ 121,955	27,815	295,150	71,156	366,306
2016	2.90	178,254	38,282	2.90	125,518	24,253	303,772	62,535	366,307
2017	2.90	183,461	33,075	2.90	129,184	20,587	312,645	53,662	366,307
2018	2.90	188,820	27,717	2.90	132,957	16,813	321,777	44,530	366,307
2019	2.90	194,335	22,201	2.90	136,841	12,929	331,176	35,130	366,306
2020-2022	2.90	619,439	31,874	2.90	342,966	14,580	962,405	46,454	1,008,859
Total		<u>\$ 1,537,504</u>	<u>196,490</u>		<u>\$ 989,421</u>	<u>116,977</u>	<u>2,526,925</u>	<u>313,467</u>	<u>2,840,392</u>

The urban renewal tax increment revenue bonds were issued for the purpose of paying costs of an urban renewal project to improve certain county roads, provide an economic development grant to Pinnacle Ethanol, LLC and Corning Municipal Utilities and pay capitalized interest and costs of issuance of the bonds. The bonds are payable solely from the income and proceeds of the urban renewal project in accordance with Chapter 403.19 of Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the bonds shall be expended only for purposes consistent with the plans of the County’s urban renewal area. The total principal and interest remaining on the bonds is \$2,840,392, payable through fiscal year 2022. For the current year, principal and interest paid and tax increment receipts were \$366,307 and \$397,196, respectively. The bonds are not a general obligation of the County, but the debt is subject to the constitutional debt limitation of the County. The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will only be redeemed from the urban renewal tax increment revenue received by the County. The County accounts for this activity within the Special Revenue, Urban Renewal Fund.



- (b) The first \$1,500,000 of bond proceeds shall be used to fully fund the water grant for the City of Corning. The next \$520,000 of bond proceeds shall be used by the County to pay the costs of highway improvements. Next, sufficient bond proceeds shall be set aside to pay the costs of issuance of the bonds and to make provision for the payment of interest on the bonds through December 1, 2009. Finally, any remaining bond proceeds shall be used to fund an initial installment of the Pinnacle Ethanol, LLC grant.

During the year ended June 30, 2014, the County was in compliance with the revenue bond provisions.

Local Option Sales Tax Revenue Bonds

The County issued local option sales tax revenue bonds for a joint project with the City of Corning under a 28E agreement. The County has pledged future local option sales tax receipts to repay \$1,025,000 of local option sales tax revenue bonds, Series 2008 issued in July 2008. Proceeds from the bonds provided financing for an Aquatic Center in Corning to be operated by the City of Corning under a 28E Joint Operation Agreement. The bonds are payable solely from the proceeds of the local option sales tax received by the County and \$25,220 per year to be received from the City of Corning in accordance with the 28E Joint Operation Agreement and Chapters 423B.9(3) and 384.83 of the Code of Iowa and are payable through 2023. Total principal and interest remaining to be paid on the bonds is \$844,275. For the current year, principal and interest paid and total collections were \$91,843 and \$202,547, respectively.

Under the 28E agreement, the City of Corning agreed to remit \$25,220 to the County on or before May 1, 2009 and on or before May 1 of each year until and including May 1, 2023. The City of Corning acknowledges if the revenues received by the City for its local option sales tax are not sufficient to pay the obligated portion under this agreement in one or more of the years outlined above, the City agrees interest on the unpaid amount shall accrue at the rate of 4.26% per annum until paid and all such shortfalls shall become due on the final maturity date of the County's local option sales tax revenue bonds.

Details of County's June 30, 2014 local option sales tax revenue bonds is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	3.95%	\$ 65,000	29,622	94,622
2016	4.10	65,000	27,055	92,055
2017	4.20	70,000	24,390	94,390
2018	4.25	75,000	21,450	96,450
2019	4.35	75,000	18,263	93,263
2020-2022	4.45-4.55	335,000	38,495	373,495
Total		\$ 685,000	159,275	844,275

The resolution providing for the issuance of the local option sales tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future local option sales tax revenue received by the County and the bond holders hold a lien on the future revenues received.
- (b) A local option sales tax revenue bond sinking account shall be established and sufficient monthly deposits shall be made to the sinking account for the purpose of making bond principal and interest payments when due.

- (c) A local option sales tax revenue bond reserve account shall be established and monthly deposits to the reserve account equal to 25% of the amount required to be deposited into the sinking account shall be made until \$96,450 has been accumulated. This account is restricted for the purpose of correcting any deficiencies in the sinking account.

During the year ended June 30, 2014, the County was in compliance with the revenue bond provisions.

**(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 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$207,494, \$198,032 and \$180,971, respectively, equal to the required contributions for each year.

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

Plan Description – The County operates a single-employer retiree benefit plan which provides medical benefits for employees, retirees and their spouses. There are 48 active and no retired members in the plan. Retired participants must be age 55 or age 50 with 22 years of service at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 44,000
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	<u>(3,000)</u>
Annual OPEB cost	44,000
Contributions made	<u>(7,000)</u>
Increase in net OPEB obligation	37,000
Net OPEB obligation beginning of year	<u>112,000</u>
Net OPEB obligation end of year	<u>\$149,000</u>

For the year ended June 30, 2014, the County contributed \$7,000 to the medical plan and there were no contributions from plan members eligible for benefits.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 41,000	41.5%	\$75,000
2013	44,000	15.9	112,000
2014	44,000	15.9	149,000

Funded Status and Funding Progress – As of June 30, 2014, the actuarial accrued liability was \$246,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$246,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,100,000 and the ratio of the UAAL to covered payroll was 11.7%. As of June 30, 2014, there were no trust fund assets.

The projection of future benefit payments for an ongoing plan involves 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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.

Methods and Assumptions – 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 methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 valuation date, a simplified version of the unit credit actuarial cost method was used. The assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, projected to 2010 using scale AA. 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 medical plan are \$1,125 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.

## **(9) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 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, 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 casualty 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 estimated for the fiscal 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 basis rate 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 property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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, 2014 were \$131,263.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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 \$50,000, 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.

**(10) Industrial Development Revenue Bonds**

The County has issued a total of \$1,895,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$720,000 is outstanding at June 30, 2014. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

**(11) Southern Iowa Rural Water Association (SIRWA) Agreement**

On May 23, 2005, the County entered into a 28E agreement with SIRWA and nine other counties to provide joint financing of certain water development facilities at Gooseberry Lake to enable SIRWA to withdraw water sufficient to supply treated water to portions of SIRWA's rural water distribution system. Pursuant to the agreement, SIRWA planned to obtain a loan for \$500,000 to cover the initial costs. Liability for repayment of the loan was to be borne by the respective parties (counties) to the agreement. The County's share of the debt is 12.5%, or \$62,500. Each participant was required to establish a SIRWA Grid Sinking and Reserve Fund, into which sufficient funds to pay the principal and interest on the loan were to be deposited from the County's General Fund. During the year ended June 30, 2010, the County was informed the project would not proceed and the 28E agreement with SIRWA would be dissolved. The County is waiting for the final dissolution of the 28E agreement and formal termination of the project and will then reassign the balance of the funds set aside to the General Fund.

**(12) Loan Guarantee Agreement**

Cooperative corporations identified in the agreement made loans to the Corning Open House Cultural Center, an Iowa non-profit corporation, in aggregate not to exceed \$400,000 to be repayable over five years at 2% interest per annum for use in renovating the historic opera house in Corning.

Chapter 15A of the Code of Iowa authorizes counties to provide financial assistance, including guarantees for economic development as may be necessary. On April 11, 2011, the County agreed to guarantee repayment of \$400,000 of the aggregate Cooperative loan amount. In the event Corning Open House Cultural Center is unable to make a payment, Adams County will be required to make the payment.

**(13) Jointly Governed Organization**

The County participates in the Mental Health Services Coordinator Board and Adams, Taylor and Union County Medicaid Case Management Board, jointly governed organizations formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of these organizations are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organizations. The following financial data is for the year ended June 30, 2014:

Mental Health Services Coordinator Board

Additions:

Contributions from governmental units:

Adams County	\$	22,953	
Adair County		43,814	
Clarke County		6,234	
Union County		72,588	
Taylor County		35,335	\$ 180,924

Deductions:

Direct administration:

Salaries	112,486
Benefits	38,714

Case management:

Rent	5,526
Office supplies	2,783
Telephone	5,175
Travel and training	1,200

Net	14,665
Balance beginning of year	(21,287)
Balance end of year	<u>\$ (6,622)</u>

Adams, Taylor and Union County Medicaid Case Management Board

Additions:		
Federal grants and entitlements:		
Medicaid case management		\$ 480,287
Deductions:		
Direct administration:		
Salaries	\$ 294,598	
Benefits	99,465	
Case management:		
Rent	1,500	
Office supplies	2,292	
Telephone	5,740	
Travel and training	20,272	
Administrative	13,241	
Equipment	10,921	448,029
Net		32,258
Balance beginning of year		129,473
Balance end of year		<u>\$ 161,731</u>

**(14) Ambulance Agreement**

Beginning December 1988, the County entered into an agreement with Mercy Hospital (now known as Alegent Health Mercy Hospital) of Corning, Iowa to manage the operations of the Ambulance Rescue. The County annually compensates Alegent Health Mercy Hospital a negotiated amount for these operations, which was \$40,000 for the year ended June 30, 2014. Under the agreement, the County owns the equipment necessary for the Ambulance Rescue operations. In the event the agreement is terminated, any remaining funds held by Alegent Health Mercy Hospital in the Ambulance cash account are to be returned to the County. At June 30, 2014, the balance of the account held by Alegent Health Mercy Hospital is \$241,274.

**(15) Subsequent Event**

In November 2014, the County approved the issuance of \$1,300,000 of general obligation bonds to fund the construction of improvements to the Lake Icaria Timber Ridge Campground.

In November 2014, the County approved the guarantee of a loan, not to exceed \$85,000, for Hearts and Hugs Day Care Center to purchase property.

In January 2015, the County approved the issuance of \$2,550,000 of general obligation bonds to fund the repair of Lake Icaria Campgrounds and the expansion of County Haven sewer system.

**(16) Prospective Accounting Change**

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

**Adams County**



**Required Supplementary Information**

Adams County

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

Required Supplementary Information

Year ended June 30, 2014

	Actual	Original Budget	Final Budget	Final to Actual Variance
<b>Receipts:</b>				
Property and other county tax	\$ 3,005,324	3,049,960	3,049,960	(44,636)
Interest and penalty on property tax	17,056	5,100	5,100	11,956
Intergovernmental	2,840,109	2,617,147	2,664,246	175,863
Licenses and permits	7,838	10,200	10,200	(2,362)
Charges for service	377,084	386,850	386,850	(9,766)
Use of money and property	89,663	105,268	110,118	(20,455)
Miscellaneous	104,639	12,545	70,810	33,829
<b>Total receipts</b>	<b>6,441,713</b>	<b>6,187,070</b>	<b>6,297,284</b>	<b>144,429</b>
<b>Disbursements:</b>				
Public safety and legal services	1,030,988	1,119,300	1,151,503	120,515
Physical health and social services	226,896	278,111	278,111	51,215
Mental health	351,675	242,559	480,681	129,006
County environment and education	727,053	719,175	769,460	42,407
Roads and transportation	2,418,494	2,799,000	2,799,000	380,506
Governmental services to residents	224,105	244,348	244,348	20,243
Administration	731,092	785,544	815,544	84,452
Non-program	27,586	32,500	32,500	4,914
Debt service	458,149	543,681	543,681	85,532
Capital projects	62,109	80,500	80,500	18,391
<b>Total disbursements</b>	<b>6,258,147</b>	<b>6,844,718</b>	<b>7,195,328</b>	<b>937,181</b>
Excess (deficiency) of receipts over (under) disbursements	183,566	(657,648)	(898,044)	1,081,610
Other financing sources, net	8,020	-	-	8,020
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	191,586	(657,648)	(898,044)	1,089,630
Balance beginning of year	3,561,048	3,023,605	3,023,605	537,443
Balance end of year	\$ 3,752,634	2,365,957	2,125,561	1,627,073

See accompanying independent auditor's report.

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Adams County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 6,441,713	(66,134)	6,375,579
Expenditures	6,258,147	10,086	6,268,233
Net	183,566	(76,220)	107,346
Other financing sources, net	8,020	-	8,020
Beginning fund balances	3,561,048	(39,047)	3,522,001
Ending fund balances	\$ 3,752,634	(115,267)	3,637,367

See accompanying independent auditor's report.

Adams County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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 budget disbursements by \$350,610. The budget amendment is reflected in the fiscal budgeted amounts.

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

During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the mental health function prior to amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.

Adams 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	July 1, 2009	-	\$ 245	245	0.0%	\$ 1,920	12.8%
2011	July 1, 2009	-	243	243	0.0	1,960	12.4
2012	July 1, 2009	-	243	243	0.0	2,000	12.2
2013	July 1, 2012	-	246	246	0.0	1,600	15.4
2014	July 1, 2012	-	246	246	0.0	2,100	11.7

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

See accompanying independent auditor's report.

**Supplementary Information**

**Adams County**

Adams County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2014

			Special Revenue
	County Recorder's Records Management	Resource Enhancement and Protection	Law Enforcement Forfeiture
<b>Assets</b>			
Cash and pooled investments	\$ 4,587	28,794	12,225
Accrued interest receivable	1	9	-
<b>Total assets</b>	<b>\$ 4,588</b>	<b>28,803</b>	<b>12,225</b>
<b>Fund Balances</b>			
Fund balances:			
Restricted for:			
Debt service	\$ -	-	-
Other purposes	4,588	28,803	12,225
Total fund balances	4,588	28,803	12,225
<b>Total fund balances</b>	<b>\$ 4,588</b>	<b>28,803</b>	<b>12,225</b>

See accompanying independent auditor's report.



County Attorney Forfeiture	Aquatic Center Reserve	Debt Service	Total
-	96,450	322	142,378
-	-	-	10
-	96,450	322	142,388
-	96,450	322	96,772
-	-	-	45,616
-	96,450	322	142,388
-	96,450	322	142,388

Adams County

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

Year ended June 30, 2014

	County Recorder's Records Management	Resource Enhancement and Protection	Special Law Enforcement Forfeiture
Revenues:			
Intergovernmental	\$ -	11,125	-
Charges for service	870	-	-
Use of money and property	21	83	-
Total revenues	<u>891</u>	<u>11,208</u>	<u>-</u>
Expenditures:			
Operating:			
Administration	3,354	1,600	200
Debt service	-	-	-
Total expenditures	<u>3,354</u>	<u>1,600</u>	<u>200</u>
Excess (deficiency) of revenues over (under) expenditures	(2,463)	9,608	(200)
Other financing sources:			
Operating transfers in	-	-	-
Change in fund balances	(2,463)	9,608	(200)
Fund balances beginning of year	7,051	19,195	12,425
Fund balances end of year	<u>\$ 4,588</u>	<u>28,803</u>	<u>12,225</u>

See accompanying independent auditor's report.

Revenue				
County Attorney Forfeiture	Aquatic Center Reserve	Aquatic Center Sinking	Debt Service	Total
-	-	-	-	11,125
-	-	-	-	870
-	-	-	-	104
-	-	-	-	12,099
-	-	-	-	5,154
-	-	91,843	-	91,843
-	-	91,843	-	96,997
-	-	(91,843)	-	(84,898)
36	-	91,843	-	91,879
36	-	-	-	6,981
(36)	96,450	-	322	135,407
-	96,450	-	322	142,388

Adams County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,684	241,484	56,109
Other County officials	5,517	-	-	-
Receivables:				
Property tax:				
Delinquent	-	39	62	1,921
Succeeding year	-	81,000	129,000	3,830,000
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 5,517</b>	<b>82,723</b>	<b>370,546</b>	<b>3,888,030</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	87	-
Due to other governments	4,148	82,723	366,796	3,888,030
Trusts payable	1,369	-	-	-
Compensated absences	-	-	3,663	-
<b>Total liabilities</b>	<b>\$ 5,517</b>	<b>82,723</b>	<b>370,546</b>	<b>3,888,030</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
3,147	11,108	1,764	113,184	109,144	537,624
-	-	-	-	-	5,517
103	2,100	-	-	-	4,225
214,000	637,000	126,000	-	1,000	5,018,000
-	-	-	-	58	58
-	-	-	-	341	341
-	-	-	-	89,497	89,497
<u>217,250</u>	<u>650,208</u>	<u>127,764</u>	<u>113,184</u>	<u>200,040</u>	<u>5,655,262</u>
-	-	-	-	1,420	1,507
217,250	650,208	127,764	113,184	146,481	5,596,584
-	-	-	-	-	1,369
-	-	-	-	52,139	55,802
<u>217,250</u>	<u>650,208</u>	<u>127,764</u>	<u>113,184</u>	<u>200,040</u>	<u>5,655,262</u>

Adams County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 12,699	79,758	410,889	3,806,001
Additions:				
Property and other county tax	-	81,273	129,598	3,850,681
State tax credits	-	4,581	6,648	216,849
Office fees and collections	117,755	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	22,979	-	-	-
Miscellaneous	-	-	1,810	-
Total additions	140,734	85,854	138,056	4,067,530
Deductions:				
Agency remittances:				
To other funds	31,348	-	-	-
To other governments	86,465	82,889	178,399	3,985,501
Trusts paid out	30,103	-	-	-
Total deductions	147,916	82,889	178,399	3,985,501
Balances end of year	\$ 5,517	82,723	370,546	3,888,030

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Other	Total
210,122	629,293	123,488	125,936	161,955	5,560,141
214,950	599,993	128,628	-	856	5,005,979
12,167	54,164	6,599	-	51	301,059
-	-	-	-	-	117,755
-	-	-	1,437,255	-	1,437,255
-	-	-	-	4,579	4,579
-	-	-	-	60,902	83,881
-	-	-	-	711,699	713,509
227,117	654,157	135,227	1,437,255	778,087	7,664,017
-	-	-	-	-	-
-	-	-	54,938	-	86,286
219,989	633,242	130,951	1,395,069	740,002	7,452,507
-	-	-	-	-	30,103
219,989	633,242	130,951	1,450,007	740,002	7,568,896
217,250	650,208	127,764	113,184	200,040	5,655,262

Adams County

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

For the Last Ten Years

	2014	2013	2012	2011
<b>Revenues:</b>				
Property and other county tax	\$ 2,392,059	2,625,777	2,579,811	2,514,840
Interest and penalty on property tax	17,096	17,379	16,261	17,243
Tax increment financing	397,196	446,775	452,223	448,251
Local option sales tax	202,547	224,368	166,691	261,149
Intergovernmental	2,806,121	2,954,525	3,071,193	3,002,653
Licenses and permits	5,640	16,486	25,738	13,491
Charges for service	363,221	344,600	439,858	335,492
Use of money and property	90,557	99,952	110,519	135,184
Miscellaneous	101,142	94,483	123,986	39,899
<b>Total</b>	<b>\$ 6,375,579</b>	<b>6,824,345</b>	<b>6,986,280</b>	<b>6,768,202</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,035,040	1,011,089	1,052,672	898,524
Physical health and social services	255,978	269,069	287,071	274,202
Mental health	122,310	307,966	632,781	692,087
County environment and education	834,689	569,463	678,705	603,572
Roads and transportation	2,518,062	2,710,813	2,866,744	2,694,208
Governmental services to residents	221,158	293,350	195,821	202,132
Administration	740,065	710,976	672,123	648,868
Non-program	21,201	34,409	55,617	13,337
Debt service	458,150	460,279	912,350	516,887
Capital projects	61,580	17,267	2,010	450
<b>Total</b>	<b>\$ 6,268,233</b>	<b>6,384,681</b>	<b>7,355,894</b>	<b>6,544,267</b>

See accompanying independent auditor's report.



Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
2,515,367	2,412,765	2,090,860	2,062,165	2,053,657	1,909,954
18,014	16,566	15,775	14,384	17,280	15,705
461,773	339,266	-	-	-	-
234,602	219,315	191,044	-	-	-
3,247,422	3,073,040	3,091,894	3,191,112	2,612,916	2,968,262
8,935	7,276	7,180	10,908	8,660	5,335
313,756	278,870	253,996	219,145	191,979	209,643
128,962	140,169	153,311	135,439	115,635	103,938
143,101	32,199	81,452	50,305	48,398	64,989
7,071,932	6,519,466	5,885,512	5,683,458	5,048,525	5,277,826
949,665	863,689	681,100	623,560	592,057	588,571
247,163	242,874	375,854	496,977	394,624	351,646
504,319	493,423	443,164	460,376	398,081	425,135
556,799	606,455	662,943	3,495,776	494,101	737,203
2,702,888	2,577,439	2,697,078	2,297,659	2,411,389	2,113,689
193,933	187,630	173,382	183,702	313,379	185,295
699,223	566,751	570,795	552,669	554,420	498,956
14,870	21,918	20,809	16,748	19,117	122,952
521,316	393,155	318,410	152,250	74,902	72,182
19,015	1,001,776	282,631	858,591	-	172,261
6,409,191	6,955,110	6,226,166	9,138,308	5,252,070	5,267,890

**Adams County**



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

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Mary Mosiman, CPA  
Auditor of State

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

To the Officials of Adams 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 Adams County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 10, 2015.

Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

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

## Adams County's Responses to the Findings


Adams County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Adams 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 Adams 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

March 10, 2015

Adams County

Schedule of Findings

Year ended June 30, 2014

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:
- (1) County Treasurer – The duties of opening and listing mail receipts, collecting, depositing, posting, daily reconciling, maintaining the detailed accounts receivable listing and custodian of the change fund and investments are not segregated. Investments are not periodically verified. Bank accounts are not reconciled monthly by an individual who does not handle cash and the reconciliations are not reviewed periodically by an independent person for propriety. A list of checks received in the mail is not periodically completed and compared with recorded receipts. In addition, there is no independent review of voided receipts and delinquent tax summaries.
  - (2) County Recorder – The duties of opening and listing mail receipts, collecting, depositing, posting and daily reconciling are not segregated. Bank accounts are not reconciled monthly by an individual who does not handle cash and the reconciliations are not reviewed periodically by an independent person for propriety. A list of receipts received in the mail is not prepared by the person opening the mail. Also, the person who signs checks is not independent of the person approving disbursements, handling cash, recording cash receipts and preparing checks.
  - (3) County Sheriff – The duties of listing mail receipts, collecting, depositing, posting and daily reconciling are not segregated. Bank accounts are not reconciled monthly by an individual who does not handle cash and the reconciliations are not reviewed periodically by an independent person for propriety. Also, the person who signs checks is not independent of the person approving disbursements, handling cash, recording cash receipts and preparing checks.
  - (4) Case Management – The duties of collecting, depositing, posting and daily reconciling are not segregated.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including elected officials and other County personnel. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be documented by the signature or initials of the reviewer and the date of review.

Adams County

Schedule of Findings

Year ended June 30, 2014

Response – Each of the above departments will review their office procedures and attempt to comply.

Conclusion – Response accepted.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital assets not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital assets are identified and properly included in the County’s financial statements.

Response – We will continue to improve on our procedures and double check for errors.

Conclusion – Response accepted.

- (C) Capital Assets Inventory – The capital assets listing was not reviewed periodically by an independent person to verify whether assets on the listing existed or all assets were included on the capital assets listing.

Recommendation – A person who does not have responsibility for capital assets or maintenance of the capital assets listing should periodically verify assets on the listing to ensure the capital assets exist and all capital assets are included on the listing.

Response – We will continue to work toward being compliant. The Board will start reviewing the capital assets list to make sure assets are accounted for.

Conclusion – Response accepted.

- (D) Mental Health Services Coordinator Board – The County participates in the Mental Health Services Coordinator Board and is the fiscal agent under the five county 28E agreement. The end of the year balance for the Board has been in a deficit position for several years. An expense reimbursement and an administrative fee were coded to the wrong project or fund.

Recommendation – The County should investigate the deficit balance and determine if corrective transfers are necessary or additional amounts need to be collected from the member counties to eliminate the deficit balance. In addition, the County should establish procedures to periodically review expense reimbursements and administrative fees to ensure correct coding.

Response – Once mental health was regionalized as of July 1, 2014 we are no longer the fiscal agent. This problem will be resolved since we will no longer have that department.

Conclusion – Response accepted.

Adams County

Schedule of Findings

Year ended June 30, 2014

- (E) Compensated Absences – Compensatory time, including vacation and sick leave, are not maintained in the County Auditor’s payroll records for all departments. In addition, certain Sheriff’s Office employees have accumulated vacation balances in excess of the maximum hours allowed to be carried forward to the next year under the County Sheriff’s personnel policy.

Recommendation – All payroll records should be maintained on a consistent and uniform basis to document potential liabilities of the County. In addition, the County Sheriff’s Office should comply with its personnel policies.

Responses –

County Auditor – We accept this recommendation and are working towards implementing tracking in Solutions immediately.

County Sheriff – We accept and plan to implement changes to address compensated absences effective upon approval of an updated personnel policy handbook to be completed in 2015.

Conclusions – Responses accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

Adams County

Schedule of Findings

Year ended June 30, 2014

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amount budgeted in the mental health function prior to the May 20, 2014 budget amendment. Also, disbursements in certain departments exceeded the amounts appropriated.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Also, Chapter 331.434(6) of the Code of Iowa requires the Board of Supervisors to appropriate, by resolution, amounts deemed necessary for each of the different county offices and departments for the fiscal year.

Response – We accept this recommendation and will amend the budget appropriately to comply with Chapter 331.435 of the Code of Iowa.

Conclusion – Response accepted.

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Doug Birt, Board of Supervisors, Part Owner of Graphic Ideas	Printing and supplies	\$ 711
Michael Laughlin, Sheriff’s Deputy, Owner of storage garage	Storage for Sheriff Office	300
Deb and Michael Oliver, Deputy Recorder and spouse, partial owners of Lake Icaria Marina	Marina concession purchase	24,431

The transactions with Doug Birt do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since total transactions were less than \$1,500 during the fiscal year

The transactions with Michael Laughlin do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(d) of the Code of Iowa since his remuneration of employment is not directly affected as a result of the transactions.

The transaction with Deb and Michael Oliver may represent a conflict interest in accordance with Chapter 331.342 of the Code of Iowa since the total transactions were more than \$1,500 during the year.



Adams County

Schedule of Findings

Year ended June 30, 2014

Recommendation – The County should consult legal counsel for the proper disposition of this matter.

Response – We accept the recommendation and will review this issue.

Conclusion – Response accepted.

- (5) 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.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Pooled Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

- (10) Revenue Bonds – No instances of non-compliance with the urban renewal tax increment and local option sales tax revenue bond provisions were noted.
- (11) Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1. The County reconciled TIF receipts with the amount of TIF debt certified for the various urban renewal areas. However, the County understated the amount of fiscal year 2015 tax appropriations on the TIF indebtedness tax reconciliation by \$41,082. Also the County understated the amount reported as TIF expenditures by \$30,000.

Recommendation – The County should ensure the amounts reported on the TIF indebtedness tax reconciliation agree with the County's records and ensure the amounts reported on the Levy Authority Summary agree with the County's records.

Response – We accept this comment and recommendation and will work to being compliant.

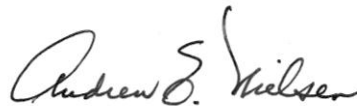
Conclusion – Response accepted.

Adams County

Staff

This audit was performed by:

Timothy D. Houlette, CPA, Manager  
Karen J. Kibbe, Senior Auditor II  
Jesse J. Probasco, CPA, Staff Auditor  
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