



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 9, 2015

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

The County had local tax revenue of \$16,489,182 for the year ended June 30, 2014, which included \$917,534 in tax credits from the state. The County forwarded \$11,231,169 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,258,013 of the local tax revenue to finance County operations, a 6.1% decrease from the prior year. Other revenues included charges for service of \$735,791, operating grants, contributions and restricted interest of \$3,693,312, capital grants, contributions and restricted interest of \$274,136, local option sales tax of \$371,369, unrestricted investment earnings of \$129,138 and other general revenues of \$165,416.

Expenses for County operations for the year ended June 30, 2014 totaled \$10,278,320, a less than 1% decrease from the prior year. Expenses included \$5,031,063 for roads and transportation, \$1,688,613 for public safety and legal services and \$1,439,722 for administration.

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/1410-0067-B00F.pdf>.

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MONONA COUNTY

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

JUNE 30, 2014

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Monona County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James Jensen	Board of Supervisors	Jan 2015
Tim Jessen	Board of Supervisors	Jan 2015
Brady Hanson	Board of Supervisors	Jan 2017
Brooke Kuhlman	County Auditor	(Resigned Dec 2013)
Marilyn Kelley (Appointed)	County Auditor	Nov 2014
Lawrence Framke	County Treasurer	Jan 2015
Tena L. Hinkel	County Recorder	Jan 2015
Jeffrey R. Pratt	County Sheriff	Jan 2017
Michael P. Jensen	County Attorney	Jan 2015
Tim Peters	County Assessor	Jan 2016

Monona County



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Independent Auditor's Report

To the Officials of Monona County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 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 Monona County as of June 30, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monona County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 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 May 4, 2015 on our consideration of Monona County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Monona County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 4, 2015

Monona County

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2014 FINANCIAL HIGHLIGHTS

- The County's governmental activities revenues decreased 12.9%, or approximately \$1,571,000, from fiscal year 2013 to fiscal year 2014. Capital grants and contributions decreased approximately \$695,000, operating grants and contributions increased approximately \$244,000, charges for service decreased approximately \$116,000 and property tax decreased approximately \$399,000.
- The County's governmental activities expenses decreased \$105 from fiscal year 2013 to fiscal year 2014.
- The County's net position increased 1.3%, or approximately \$349,000, from the balance at June 30, 2013.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Monona County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Monona County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Monona County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

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, liabilities and deferred inflows of resources 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 three kinds of funds:

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

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

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Monona County's combined net position was virtually unchanged from a year ago, increasing from approximately \$27.9 million to approximately \$28.3 million. The analysis that follows focuses on the changes in the net position of governmental activities.

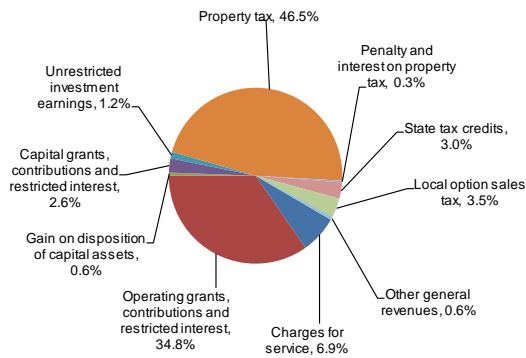
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2014	2013
Current and other assets	\$ 14,769	14,440
Capital assets	19,654	19,862
Total assets	<u>34,423</u>	<u>34,302</u>
Long-term liabilities	413	613
Other liabilities	292	845
Total liabilities	<u>705</u>	<u>1,458</u>
Deferred inflows of resources	<u>5,453</u>	<u>4,928</u>
Net position:		
Net investment in capital assets	19,567	19,733
Restricted	6,967	6,303
Unrestricted	<u>1,731</u>	<u>1,880</u>
Total net position	<u>\$ 28,265</u>	<u>27,916</u>

Net position of Monona County's governmental activities increased 1.3% (approximately \$28.3 million compared to approximately \$27.9 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position increased approximately \$664,000 over the prior year. Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — decreased from approximately \$1,880,000 at June 30, 2013 to approximately \$1,731,000 at the end of this year, a decrease of 7.9%.

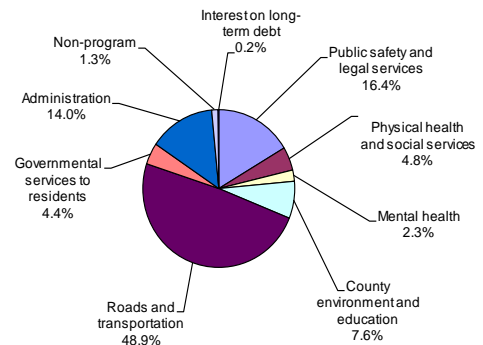
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2014	2013
Revenues:		
Program revenues:		
Charges for service	\$ 736	852
Operating grants, contributions and restricted interest	3,693	3,449
Capital grants, contributions and restricted interest	274	969
General revenues:		
Property tax	4,936	5,335
Penalty and interest on property tax	36	41
State tax credits	322	263
Local option sales tax	371	374
Unrestricted investment earnings	129	115
Gain on disposition of capital assets	62	124
Insurance recoveries	-	640
Other general revenues	68	36
Total revenues	10,627	12,198
Program expenses:		
Public safety and legal services	1,689	1,487
Physical health and social services	496	484
Mental health	238	167
County environment and education	774	589
Roads and transportation	5,031	5,546
Governmental services to residents	452	327
Administration	1,440	1,433
Non-program	134	215
Interest on long-term debt	24	30
Total expenses	10,278	10,278
Change in net position	349	1,920
Net position beginning of year	27,916	25,996
Net position end of year	\$ 28,265	27,916

Revenues by Source



Expenses by Function



Monona County's governmental activities net position increased approximately \$349,000 during the year. Revenues for governmental activities decreased approximately \$1,571,000 from the prior year, with operating grants and contributions increasing approximately \$244,000. The County's capital grants and contributions decreased approximately \$695,000, property tax decreased approximately \$399,000 and insurance recoveries decreased approximately \$640,000. The decrease in capital grants and contributions related to the roads and transportation function was primarily due to a decrease in FEMA money for flood projects. The decrease in the insurance recoveries was due to an insurance recovery in fiscal year 2013 which was not received in fiscal year 2014.

The County decreased overall property tax rates 10.17% for fiscal year 2014. Taxable valuation increased 2.7%. This resulted in a decrease in the County's property tax revenue of approximately \$399,000 in fiscal year 2014.

The cost of all governmental activities this year was approximately \$10.3 million compared to approximately \$10.3 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was \$5,575,081 because some of the cost was paid by those directly benefited from the programs (\$735,791 this year compared to \$851,843 last year) or by other governments and organizations which subsidized certain programs with grants and contributions (\$3,967,448 this year compared to \$4,417,964 last year). The County paid for the remaining "public benefit" portion of governmental activities with property tax and other revenues, such as local option sales tax and interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$8.2 million, a 13.1% increase over last year's total of approximately \$7.3 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ending fund balance decreased approximately \$225,000, or 8.2%, from the prior year. Overall revenues decreased approximately \$77,000, or 1.8%, while expenditures increased approximately \$373,000, or 9.2%. Revenues decreased primarily due to a decrease in the general supplemental property tax levy rate. The increase in expenditures is partially due to a \$100,000 lawsuit settlement made by the Conservation Department to a drainage district. In addition, expenditures were made to upgrade equipment to handle an increased volume of general election voters.

The Special Revenue, Mental Health Fund balance increased approximately \$200,000 over the prior year to approximately \$276,000. Mental health revenues decreased approximately \$75,000, or 14.6%, while expenditures increased approximately \$71,000, or 42.7%. The decrease in revenue was primarily due to one time transition funds received in fiscal year 2013 from the Iowa Department of Human Services (DHS). The increase in expenditures was primarily due to salary increases for Mental Health Fund employees and increased payments to DHS for patient care.

The Special Revenue, Rural Services Fund balance decreased approximately \$122,000, or 19.3%, from the prior year. Rural Services Fund revenues decreased approximately \$192,000, or 10.1%, primarily due to a decrease in property tax rates. Rural Services Fund expenditures increased approximately \$12,000, or 2.4%.

The Special Revenue, Secondary Roads Fund balance increased approximately \$1,104,000, or 30.5%, over the prior year. Revenues decreased approximately \$294,000, or 6.6%, from the prior year. This decrease is primarily due to fewer funds received for disaster projects for flood and tornado damage. Secondary Roads Fund expenditures decreased approximately \$2,138,000, or 32.4%, from the prior year, due primarily to an alternative disaster project for equipment damaged and rebuilding a shed damaged in a tornado in fiscal year 2013.

BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget two times. The final amendment was approved on May 6, 2014 and resulted in an increase in budgeted disbursements of \$434,109. The amendment was made primarily to provide for additional disbursements for secondary roads infrastructure projects.

The County's overall receipts were approximately \$190,000 more than budgeted while disbursements were approximately \$1,182,000 less than the amended budget. Intergovernmental receipts were approximately \$232,000 more than budgeted. This variance is primarily due to the County not budgeting in the current year for Federal Emergency Management Agency reimbursements for disaster projects performed in the prior fiscal year. Roads and transportation function disbursements were approximately \$567,000 less than budgeted due to the County initially budgeting for a project which has been delayed until fiscal year 2016 and lower than anticipated maintenance costs. Administration and public safety function disbursements were less than budgeted by approximately \$171,000 and approximately \$120,000, respectively, due to less payroll related disbursements incurred and various lower actual disbursements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Monona County had approximately \$19.7 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 \$208,000, or 10.5%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2014	2013
Land	\$ 275	275
Construction in progress, road network	368	96
Construction in progress, other	68	68
Buildings and improvements	2,453	2,596
Equipment and vehicles	3,665	3,686
Infrastructure	12,825	13,141
Total	<u>\$ 19,654</u>	<u>19,862</u>

The County had depreciation expense of \$1,158,550 in fiscal year 2014 and total accumulated depreciation of \$11,535,322 at June 30, 2014.

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

Long-Term Debt

At June 30, 2014, Monona County had approximately \$207,000 of general obligation and other debt outstanding, compared to approximately \$409,000 at June 30, 2013, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2014	2013
General obligation visitor center note	\$ 87	129
Drainage warrants	120	280
Total	\$ 207	409

Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2015 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2015	2014	Percentage Change
	Dollars Certified	Dollars Certified	
General basic levy	\$ 2,157,233	1,946,482	10.83%
General supplemental levy	1,170,496	1,056,144	10.83%
Mental health levy	370,076	369,398	0.18%
Rural services basic levy	1,906,966	1,678,453	13.61%
Debt service levy	46,134	46,859	-1.55%
Total	\$ 5,650,905	5,097,336	10.86%

No new services were added to the fiscal year 2015 budget. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2015 and fiscal year 2014 are as follows:

	2015	2014	Percentage Change
	General basic levy	\$ 3.50000	3.50000
General supplemental levy	1.89907	1.89907	0.00%
County Services levy	0.60043	0.66422	-9.60%
Rural services basic levy	3.95000	3.95000	0.00%
Debt service levy	0.07468	0.08250	-9.48%
Total	\$ 10.02418	10.09579	-0.71%

Budgeted disbursements in the fiscal year 2015 budget are \$12,034,443, a 5.1% increase over the fiscal year 2014 final amended budgeted disbursements. The countywide taxable valuation increased approximately \$60.1 million. Monona County has not added any major programs to the fiscal year 2015 budget and a decrease is expected for mental health.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$858,000 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 Monona County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monona County Auditor's Office, 620 Iowa Avenue, City of Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at mocoad1@longlines.com.

Basic Financial Statements

Exhibit A

Monona County
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	
County Treasurer	\$ 7,205,220
Health Plan Trustee	83,997
Receivables:	
Property tax:	
Delinquent	1,624
Succeeding year	5,453,000
Interest and penalty on property tax	2,037
Accounts	138,831
Accrued interest	28,559
Drainage assessments	281,799
Due from other governments	639,656
Inventories	701,245
Prepaid expense	232,904
Capital assets, net of accumulated depreciation	19,654,299
Total assets	<u>34,423,171</u>
Liabilities	
Accounts payable	205,483
Advances from grantors	6,467
Due to other governments	79,754
Long-term liabilities:	
Portion due or payable within one year:	
General obligation note	43,000
Compensated absences	151,007
Portion due or payable after one year:	
General obligation note	44,000
Drainage warrants	120,047
Compensated absences	30,731
Net OPEB liability	24,914
Total liabilities	<u>705,403</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	5,453,000
Net Position	
Net investment in capital assets	19,567,299
Restricted for:	
Supplemental levy purposes	856,942
Mental health purposes	278,893
Rural services purposes	509,150
Secondary roads purposes	4,894,405
Drainage purposes	286,899
Debt service	628
Other purposes	140,160
Unrestricted	1,730,392
Total net position	<u>\$ 28,264,768</u>

See notes to financial statements.

Monona County
Statement of Activities
Year ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Contributions Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,688,613	162,136	1,742	-	(1,524,735)
Physical health and social services	496,220	10,997	310,239	-	(174,984)
Mental health	238,336	365	-	-	(237,971)
County environment and education	774,008	67,532	18,824	-	(687,652)
Roads and transportation	5,031,063	34,534	3,352,318	274,136	(1,370,075)
Governmental services to residents	452,064	193,711	-	-	(258,353)
Administration	1,439,722	167,940	10,189	-	(1,261,593)
Non-program	134,401	98,576	-	-	(35,825)
Interest on long-term debt	23,893	-	-	-	(23,893)
Total	\$ 10,278,320	735,791	3,693,312	274,136	(5,575,081)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,890,404
Debt service					45,263
Penalty and interest on property tax					35,923
State tax credits					322,346
Local option sales tax					371,369
Unrestricted investment earnings					129,138
Gain on disposition of capital assets					61,831
Miscellaneous					67,662
Total general revenues					5,923,936
Change in net position					348,855
Net position beginning of year					27,915,913
Net position end of year					\$ 28,264,768
See notes to financial statements.					

Monona County
Balance Sheet
Governmental Funds

June 30, 2014

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 2,306,318	301,367	518,839
Receivables:			
Property tax:			
Delinquent	1,106	123	380
Succeeding year	3,198,000	356,000	1,855,000
Interest and penalty on property tax	2,037	-	-
Accounts	65,858	2,738	-
Accrued interest	16,736	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	100,653	-	-
Inventories	-	-	-
Prepaid expenditures	127,464	-	-
Total assets	\$ 5,818,172	660,228	2,374,219
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 24,467	25,139	10,069
Advances from grantors	-	-	-
Due to other governments	43,579	196	-
Total liabilities	68,046	25,335	10,069
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,198,000	356,000	1,855,000
Other	36,322	2,861	380
Total deferred inflows of resources	3,234,322	358,861	1,855,380
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	127,464	-	-
Restricted for:			
Supplemental levy purposes	787,614	-	-
Mental health purposes	-	276,032	-
Rural services purposes	-	-	508,770
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	62,551	-	-
Debt service	-	-	-
Other purposes	6,917	-	-
Assigned for:			
Jail/correction services	81,183	-	-
Drug enforcement related purposes	22,597	-	-
Courthouse heating and cooling purposes	75,000	-	-
Soil and water conservation purposes	30,795	-	-
Unassigned	1,321,683	-	-
Total fund balances	2,515,804	276,032	508,770
Total liabilities, deferred inflows of resources and fund balances	\$ 5,818,172	660,228	2,374,219

See notes to financial statements.

Secondary Roads	Nonmajor	Total
3,754,038	184,691	7,065,253
-	15	1,624
-	44,000	5,453,000
-	-	2,037
70,233	-	138,829
-	11,823	28,559
-	-	-
-	239,052	239,052
-	42,747	42,747
538,831	172	639,656
701,245	-	701,245
105,440	-	232,904
<u>5,169,787</u>	<u>522,500</u>	<u>14,544,906</u>
145,486	234	205,395
6,467	-	6,467
35,979	-	79,754
<u>187,932</u>	<u>234</u>	<u>291,616</u>
-	44,000	5,453,000
256,514	281,813	577,890
<u>256,514</u>	<u>325,813</u>	<u>6,030,890</u>
701,245	-	701,245
105,440	-	232,904
-	-	787,614
-	-	276,032
-	-	508,770
3,918,656	-	3,918,656
-	125,148	125,148
-	-	62,551
-	613	613
-	70,692	77,609
-	-	81,183
-	-	22,597
-	-	75,000
-	-	30,795
-	-	1,321,683
<u>4,725,341</u>	<u>196,453</u>	<u>8,222,400</u>
<u>5,169,787</u>	<u>522,500</u>	<u>14,544,906</u>

Monona County

Monona County

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

June 30, 2014

Total governmental fund balances (page 21) \$ 8,222,400

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 \$31,189,621 and the accumulated depreciation is \$11,535,322. 19,654,299

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. 577,890

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 223,878

Long-term liabilities, including the general obligation note payable, drainage warrants payable, other postemployment benefits payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (413,699)

Net position of governmental activities (page 18) \$ 28,264,768

See notes to financial statements.

Monona County

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

Year ended June 30, 2014

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,902,774	357,113	1,632,428
Local option sales tax	-	-	-
Interest and penalty on property tax	35,923	-	-
Intergovernmental	671,077	80,932	79,512
Licenses and permits	10,595	-	-
Charges for service	272,189	-	-
Use of money and property	246,379	-	-
Miscellaneous	61,381	-	45
Total revenues	<u>4,200,318</u>	<u>438,045</u>	<u>1,711,985</u>
Expenditures:			
Operating:			
Public safety and legal services	1,588,404	-	100,779
Physical health and social services	499,065	-	-
Mental health	-	238,336	-
County environment and education	516,467	-	173,294
Roads and transportation	-	-	237,361
Governmental services to residents	440,011	-	5,346
Administration	1,359,072	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	37,833	-	-
Total expenditures	<u>4,440,852</u>	<u>238,336</u>	<u>516,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(240,534)</u>	<u>199,709</u>	<u>1,195,205</u>
Other financing sources (uses):			
Transfers in	15,659	-	-
Transfers out	-	-	(1,317,139)
Drainage warrant proceeds	-	-	-
Sale of capital assets	26	-	-
Sale of materials	-	-	-
Total other financing sources (uses)	<u>15,685</u>	<u>-</u>	<u>(1,317,139)</u>
Change in fund balances	(224,849)	199,709	(121,934)
Fund balances beginning of year	<u>2,740,653</u>	<u>76,323</u>	<u>630,704</u>
Fund balances end of year	<u>\$ 2,515,804</u>	<u>276,032</u>	<u>508,770</u>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	45,307	4,937,622
371,369	-	371,369
-	-	35,923
3,772,998	20,522	4,625,041
2,815	-	13,410
-	1,874	274,063
-	6	246,385
23,106	260,879	345,411
4,170,288	328,588	10,849,224
-	-	1,689,183
-	-	499,065
-	-	238,336
-	17,121	706,882
4,259,797	-	4,497,158
-	-	445,357
-	-	1,359,072
-	88,853	88,853
-	319,740	319,740
191,540	-	229,373
4,451,337	425,714	10,073,019
(281,049)	(97,126)	776,205
1,301,480	-	1,317,139
-	-	(1,317,139)
-	94,243	94,243
62,621	-	62,647
20,570	-	20,570
1,384,671	94,243	177,460
1,103,622	(2,883)	953,665
3,621,719	199,336	7,268,735
4,725,341	196,453	8,222,400

Monona County

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

Year ended June 30, 2014

Net change in fund balances - Total governmental funds (page 25) \$ 953,665

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

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

Expenditures for capital assets	\$ 679,774	
Capital assets contributed by the Iowa Department of Transportation	271,608	
Depreciation expense	<u>(1,158,550)</u>	(207,168)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (816)

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	(3,992)	
Other	<u>(618,873)</u>	(622,865)

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

Issued	(94,243)	
Repaid	<u>295,847</u>	201,604

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	(3,153)	
Other postemployment benefits	<u>977</u>	(2,176)

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 26,611

Change in net position of governmental activities (page 19) \$ 348,855

See notes to financial statements.

Monona County
 Statement of Net Position
 Proprietary Fund
 June 30, 2014

	Internal Service - Employee Group Health
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 139,967
Health plan trustee	83,997
Accounts receivable	2
Total assets	223,966
Liabilities	
Accounts payable	88
Net Position	
Unrestricted	\$ 223,878
See notes to financial statements.	

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

Year ended June 30, 2014

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,011,462
Reimbursements from employees and others	<u>175,060</u>
Total operating revenues	1,186,522
Operating expenses:	
Insurance premiums	<u>1,160,134</u>
Operating income	26,388
Non-operating revenues:	
Interest income	<u>223</u>
Net income	26,611
Net position beginning of year	<u>197,267</u>
Net position end of year	<u><u>\$ 223,878</u></u>

See notes to financial statements.

Monona County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2014

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 1,061,802
Cash received from employees and others	175,060
Cash paid to suppliers for services	(1,160,046)
Net cash provided by operating activities	76,816
Cash flows from investing activities:	
Interest on investments	223
Net increase in cash and cash equivalents	77,039
Cash and cash equivalents beginning of year	146,925
Cash and cash equivalents end of year	\$ 223,964
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 26,388
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	5,592
Decrease in due from other governments	44,748
Increase in accounts payable	88
Net cash provided by operating activities	\$ 76,816

See notes to financial statements.

Monona County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Assets

Cash and pooled investments:	
County Treasurer	\$ 2,264,921
Other County officials	28,642
Receivables:	
Accounts	2,389
Property tax:	
Delinquent	4,521
Succeeding year	10,651,000
Special assessments	86,740
Drainage assessments:	
Current	154,125
Future	294,456
Due from other governments	42,627
Total assets	<u>13,529,421</u>

Liabilities

Accounts payable	33,381
Due to other governments	13,466,824
Trusts payable	19,140
Compensated absences	10,076
Total liabilities	<u>13,529,421</u>
Net position	<u>\$ -</u>

See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Monona County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. 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 is often subject to constraints imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment and vehicles	2 - 20

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

Advances from Grantors – Advances from grantors represents grant proceeds which have been received by the County, but will be spent in succeeding fiscal years.

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 compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred 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 consists of succeeding year property tax receivable that will not be recognized until the year for which it is 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.

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents 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.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$620,103 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated.

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

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 274,684	-	-	274,684
Construction in progress, road network	96,025	477,848	(206,240)	367,633
Construction in progress, other	68,505	-	-	68,505
Total capital assets not being depreciated	439,214	477,848	(206,240)	710,822
Capital assets being depreciated:				
Buildings	3,198,207	-	-	3,198,207
Improvements other than buildings	675,492	-	-	675,492
Equipment and vehicles	10,083,563	488,534	(378,353)	10,193,744
Infrastructure, road network	16,205,116	206,240	-	16,411,356
Total capital assets being depreciated	30,162,378	694,774	(378,353)	30,478,799
Less accumulated depreciation for:				
Buildings	846,044	121,410	-	967,454
Improvements other than buildings	431,966	21,555	-	453,521
Equipment and vehicles	6,397,035	493,645	(362,537)	6,528,143
Infrastructure, road network	3,064,264	521,940	-	3,586,204
Total accumulated depreciation	10,739,309	1,158,550	(362,537)	11,535,322
Total capital assets being depreciated, net	19,423,069	(463,776)	(15,816)	18,943,477
Governmental activities capital assets, net	\$ 19,862,283	14,072	(222,056)	19,654,299

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 62,961
County environment and education		29,537
Roads and transportation		975,303
Governmental services to residents		7,448
Administration		<u>83,301</u>
Total depreciation expense - governmental activities		<u><u>\$ 1,158,550</u></u>

(4) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 43,579
Special Revenue:		
Mental Health	Services	196
Secondary Roads	Services	<u>35,979</u>
Total for governmental funds		<u><u>\$ 79,754</u></u>
Agency:		
County Offices	Collections	\$ 9,502
Agricultural Extension Education		158,151
County Assessor		623,728
Schools		7,953,490
Community Colleges		471,611
Corporations		1,666,959
Townships		227,746
Special Assessments		88,084
Auto License and Use Tax		207,999
Drainage Districts		1,732,550
Other		<u>327,004</u>
Total for agency funds		<u><u>\$ 13,466,824</u></u>

(5) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue: Rural Services	\$ 15,659
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>1,301,480</u>
Total		<u><u>\$ 1,317,139</u></u>

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

(6) Changes in Long-Term Liabilities

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

	General Obligation Note	Drainage Warrants	Compen- sated Absences	Other Post- employment Benefits	Total
Balance beginning of year	\$ 129,000	279,651	178,585	25,891	613,127
Increases	-	94,243	205,026	10,269	309,538
Decreases	42,000	253,847	201,873	11,246	508,966
Balance end of year	\$ 87,000	120,047	181,738	24,914	413,699
Due within one year	\$ 43,000	-	151,007	-	194,007

General Obligation Note

On December 15, 2005, the County issued a \$400,000 general obligation note to evidence its obligation under a loan agreement entered into in a prior year for the purpose of providing funds to pay a portion of the cost of constructing, furnishing and equipping the Lewis and Clark Visitor Center. The proceeds of the general obligation note were used in December 2005 to redeem the outstanding loan. A summary of the County's June 30, 2014 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	4.40%	\$ 43,000	3,872	46,872
2016	4.50	44,000	1,980	45,980
Total		\$ 87,000	5,852	92,852

Drainage Warrants

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

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

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95% 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 \$337,194, \$316,482 and \$303,233, respectively, equal to the required contributions for each year.

(8) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual 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 \$264,980.

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 \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical benefits for employees and retirees and their spouses. There are 90 active and 4 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

The health coverage, which is a partially self-funded health plan, is administered by Employee Benefits System (EBS). Retirees receive coverage for the same plan as when they were active. Retirees pay the full cost of the premium for the health benefits at the same rates which apply to active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 10,223
Interest on net OPEB obligation	1,036
Adjustment to annual required contribution	(990)
Annual OPEB cost	<u>10,269</u>
Contributions made	<u>(11,246)</u>
Increase in net OPEB obligation	(977)
Net OPEB obligation beginning of year	<u>25,891</u>
Net OPEB obligation end of year	<u>\$ 24,914</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the

cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$11,246 to the health plan. Plan members eligible for benefits contributed \$34,817, or 76% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 16,968	60%	\$ 24,895
2013	11,219	91	25,891
2014	11,246	110	24,914

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was approximately \$107,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$107,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,664,000 and the ratio of the UAAL to covered payroll was 2.9%. As of June 30, 2014, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

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

(10) Employee Health Insurance Plan

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

The cash balance of the Monona County Health Care Plan was \$83,997 at June 30, 2014.

(11) 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.

Required Supplementary Information

Monona County

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

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 5,276,215	-	5,276,215
Interest and penalty on property tax	35,923	-	35,923
Intergovernmental	4,629,417	-	4,629,417
Licenses and permits	13,410	-	13,410
Charges for service	276,563	-	276,563
Use of money and property	203,241	-	203,241
Miscellaneous	429,691	316,910	112,781
Total receipts	<u>10,864,460</u>	<u>316,910</u>	<u>10,547,550</u>
Disbursements:			
Public safety and legal services	1,690,467	-	1,690,467
Physical health and social services	512,870	-	512,870
Mental health	652,336	-	652,336
County environment and education	709,859	-	709,859
Roads and transportation	4,634,162	-	4,634,162
Governmental services to residents	445,222	-	445,222
Administration	1,345,315	-	1,345,315
Non-program	95,843	95,843	-
Debt service	319,740	271,696	48,044
Capital projects	229,373	-	229,373
Total disbursements	<u>10,635,187</u>	<u>367,539</u>	<u>10,267,648</u>
Excess (deficiency) of receipts over (under) disbursements	229,273	(50,629)	279,902
Other financing sources, net	94,243	94,243	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	323,516	43,614	279,902
Balance beginning of year	<u>6,741,737</u>	<u>69,944</u>	<u>6,671,793</u>
Balance end of year	<u>\$ 7,065,253</u>	<u>113,558</u>	<u>6,951,695</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
5,358,661	5,358,661	(82,446)
23,600	23,600	12,323
3,775,708	4,397,252	232,165
10,600	10,600	2,810
241,755	256,755	19,808
232,381	282,242	(79,001)
28,560	28,560	84,221
<u>9,671,265</u>	<u>10,357,670</u>	<u>189,880</u>
1,711,160	1,809,984	119,517
547,630	587,682	74,812
436,500	690,000	37,664
672,817	821,670	111,811
4,979,614	5,200,694	566,532
494,493	494,493	49,271
1,444,745	1,516,179	170,864
-	-	-
47,678	48,044	-
681,000	281,000	51,627
<u>11,015,637</u>	<u>11,449,746</u>	<u>1,182,098</u>
(1,344,372)	(1,092,076)	1,371,978
-	-	-
(1,344,372)	(1,092,076)	1,371,978
<u>5,317,691</u>	<u>5,317,691</u>	<u>1,354,102</u>
<u>3,973,319</u>	<u>4,225,615</u>	<u>2,726,080</u>

Monona 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	\$ 10,864,460	(15,236)	10,849,224
Expenditures	10,635,187	(562,168)	10,073,019
Net	229,273	546,932	776,205
Other financing sources, net	94,243	83,217	177,460
Beginning fund balances	6,741,737	526,998	7,268,735
Ending fund balances	\$ 7,065,253	1,157,147	8,222,400

See accompanying independent auditor's report.

Monona County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendment increased budgeted disbursements by \$434,109. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted.

Monona County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 163	163	0.0%	\$ 3,592	4.5%
2011	Jul 1, 2009	-	175	175	0.0	3,657	4.8
2012	Jul 1, 2011	-	107	107	0.0	3,664	2.9
2013	Jul 1, 2011	-	107	107	0.0	3,664	2.9
2014	Jul 1, 2011	-	107	107	0.0	3,664	2.9

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Monona County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	Resource Enhancement and Protection	County Recorder's Records Management
Assets		
Cash, cash equivalents and pooled investments	\$ 18,650	39,355
Receivables:		
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Accrued interest	-	-
Drainage assessments:		
Current	-	-
Future	-	-
Due from other governments	-	172
	\$ 18,650	39,527
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ -	-
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	-	-
Other	-	-
Total deferred inflows of resources	-	-
Fund balances:		
Restricted for:		
Drainage purposes	-	-
Debt service	-	-
Other purposes	18,650	39,527
Total fund balances	18,650	39,527
	\$ 18,650	39,527

See accompanying independent auditor's report.

Special Revenue						
County Recorder's Electronic Transaction Fee	Conservation Trust	Drainage Districts	Archer Trust	Debt Service	Total	
312	4,341	113,558	7,862	613	184,691	
-	-	-	-	15	15	
-	-	-	-	44,000	44,000	
-	-	11,823	-	-	11,823	
-	-	239,052	-	-	239,052	
-	-	42,747	-	-	42,747	
-	-	-	-	-	172	
312	4,341	407,180	7,862	44,628	522,500	
-	-	234	-	-	234	
-	-	-	-	44,000	44,000	
-	-	281,798	-	15	281,813	
-	-	281,798	-	44,015	325,813	
-	-	125,148	-	-	125,148	
-	-	-	-	613	613	
312	4,341	-	7,862	-	70,692	
312	4,341	125,148	7,862	613	196,453	
312	4,341	407,180	7,862	44,628	522,500	

Monona County

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

Year ended June 30, 2014

	Resource Enhancement and Protection	County Recorder's Records Management	Special County Recorder's Electronic Transaction Fee
Revenues:			
Property tax	\$ -	-	-
Intergovernmental	18,054	-	-
Charges for service	-	1,874	-
Use of money and property	2	4	-
Miscellaneous	-	-	-
Total revenues	<u>18,056</u>	<u>1,878</u>	-
Expenditures:			
Operating:			
County environment and education	16,581	-	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	<u>16,581</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,475	1,878	-
Other financing sources:			
Drainage warrant proceeds	-	-	-
Change in fund balances	1,475	1,878	-
Fund balances beginning of year	<u>17,175</u>	<u>37,649</u>	<u>312</u>
Fund balances end of year	<u>\$ 18,650</u>	<u>39,527</u>	<u>312</u>

See accompanying independent auditor's report.

Revenue					
Conservation Trust	Drainage Districts	Archer Trust	Debt Service		Total
-	-	-	45,307		45,307
-	-	-	2,468		20,522
-	-	-	-		1,874
-	-	-	-		6
760	260,119	-	-		260,879
760	260,119	-	47,775		328,588
540	-	-	-		17,121
-	88,853	-	-		88,853
-	271,696	-	48,044		319,740
540	360,549	-	48,044		425,714
220	(100,430)	-	(269)		(97,126)
-	94,243	-	-		94,243
220	(6,187)	-	(269)		(2,883)
4,121	131,335	7,862	882		199,336
4,341	125,148	7,862	613		196,453

Monona County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,097	327,259	95,858	5,451
Other County officials	28,642	-	-	-	-
Receivables:					
Accounts	-	-	200	-	-
Property tax:					
Delinquent	-	54	106	2,632	160
Succeeding year	-	156,000	307,000	7,855,000	466,000
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 28,642	158,151	634,565	7,953,490	471,611
Liabilities					
Accounts payable	\$ -	-	3,103	-	-
Due to other governments	9,502	158,151	623,728	7,953,490	471,611
Trusts payable	19,140	-	-	-	-
Compensated absences	-	-	7,734	-	-
Total liabilities	\$ 28,642	158,151	634,565	7,953,490	471,611

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
25,426	2,711	1,344	207,999	1,312,725	284,051	2,264,921
-	-	-	-	-	-	28,642
-	-	-	-	145	2,044	2,389
1,533	35	-	-	-	1	4,521
1,640,000	225,000	-	-	-	2,000	10,651,000
-	-	86,740	-	-	-	86,740
-	-	-	-	154,125	-	154,125
-	-	-	-	294,456	-	294,456
-	-	-	-	465	42,162	42,627
<u>1,666,959</u>	<u>227,746</u>	<u>88,084</u>	<u>207,999</u>	<u>1,761,916</u>	<u>330,258</u>	<u>13,529,421</u>
-	-	-	-	29,366	912	33,381
1,666,959	227,746	88,084	207,999	1,732,550	327,004	13,466,824
-	-	-	-	-	-	19,140
-	-	-	-	-	2,342	10,076
<u>1,666,959</u>	<u>227,746</u>	<u>88,084</u>	<u>207,999</u>	<u>1,761,916</u>	<u>330,258</u>	<u>13,529,421</u>

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2014

	Agricultural				
	County Offices	Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 21,545	161,054	618,375	7,231,587	417,376
Additions:					
Property and other county tax	-	156,403	307,802	7,854,088	466,091
E911 surcharges	-	-	-	-	-
State tax credits	-	8,788	20,830	401,677	22,744
Electronic transaction fees	-	-	-	-	-
Office fees and collections	366,343	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	88,978	-	-	-	-
Miscellaneous	-	-	2,482	-	-
Total additions	455,321	165,191	331,114	8,255,765	488,835
Deductions:					
Agency remittances:					
To other funds	230,156	-	-	-	-
To other governments	134,849	168,094	314,924	7,533,862	434,600
Trusts paid out	83,219	-	-	-	-
Total deductions	448,224	168,094	314,924	7,533,862	434,600
Balances end of year	\$ 28,642	158,151	634,565	7,953,490	471,611

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
1,988,127	219,290	99,584	204,029	1,741,346	233,625	12,935,938
1,624,769	225,056	-	-	-	1,772	10,635,981
-	-	-	-	-	75,271	75,271
130,358	10,693	-	-	-	98	595,188
-	-	-	-	-	1,875	1,875
-	-	-	-	-	-	366,343
-	-	-	2,979,320	-	-	2,979,320
-	-	22,011	-	858,435	-	880,446
-	-	-	-	-	-	88,978
-	-	-	-	391,881	296,744	691,107
1,755,127	235,749	22,011	2,979,320	1,250,316	375,760	16,314,509
-	-	-	89,556	-	-	319,712
2,076,295	227,293	33,511	2,885,794	1,229,746	279,127	15,318,095
-	-	-	-	-	-	83,219
2,076,295	227,293	33,511	2,975,350	1,229,746	279,127	15,721,026
1,666,959	227,746	88,084	207,999	1,761,916	330,258	13,529,421

Monona County

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

For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and other county tax	\$ 4,937,622	5,334,059	4,912,903	4,791,180
Local option sales tax	371,369	374,454	354,148	384,895
Interest and penalty on property tax	35,923	40,975	41,335	48,625
Intergovernmental	4,625,041	4,961,929	5,483,342	4,995,389
Licenses and permits	13,410	18,055	17,914	23,441
Charges for service	274,063	266,849	261,523	268,682
Use of money and property	246,385	180,563	180,974	151,351
Miscellaneous	345,411	432,936	323,106	977,271
Total	\$ 10,849,224	11,609,820	11,575,245	11,640,834
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,689,183	1,542,167	1,659,465	1,539,312
Physical health and social services	499,065	484,879	588,532	702,058
Mental health	238,336	166,997	1,119,019	943,848
County environment and education	706,882	556,117	691,232	579,980
Roads and transportation	4,497,158	6,243,940	5,166,391	4,671,066
Governmental services to residents	445,357	396,074	384,938	349,701
Administration	1,359,072	1,359,773	1,335,272	1,230,200
Non-program	88,853	171,333	261,784	289,628
Debt service	319,740	426,856	354,955	499,822
Capital projects	229,373	581,694	665,214	460,146
Total	\$ 10,073,019	11,929,830	12,226,802	11,265,761

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
4,441,028	4,402,891	4,156,786	3,827,396	3,505,877	3,236,275
298,021	328,949	312,547	259,019	286,700	279,548
47,540	36,760	34,794	34,660	36,065	29,574
5,205,958	5,135,888	4,566,620	4,119,028	4,404,664	4,840,236
19,089	15,549	13,291	4,782	14,988	8,383
270,522	258,797	243,990	244,281	254,502	266,643
133,476	172,916	281,898	273,883	220,167	135,752
168,300	293,012	261,580	227,401	242,476	160,735
10,583,934	10,644,762	9,871,506	8,990,450	8,965,439	8,957,146
1,502,227	1,445,381	1,410,859	1,524,442	1,366,019	1,286,130
680,218	665,971	648,216	642,486	678,994	683,490
950,776	972,878	947,118	876,352	731,575	704,122
510,339	541,371	484,672	422,869	409,006	457,116
4,961,380	3,360,561	3,225,385	3,616,304	3,560,787	3,705,814
357,417	351,495	317,837	299,698	420,487	270,144
1,237,514	1,276,578	1,186,945	1,192,533	1,226,434	995,626
526,954	263,501	198,781	214,719	140,830	63,758
231,557	209,096	293,199	118,219	71,399	55,308
951,371	711,791	713,985	333,017	659,460	518,434
11,909,753	9,798,623	9,426,997	9,240,639	9,264,991	8,739,942

Monona 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 Monona County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monona County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monona County's internal control. Accordingly, we do not express an opinion on the effectiveness of Monona County's internal control.

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

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

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

Compliance and Other Matters

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

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


Monona County's Responses to Findings


Monona County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Monona County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Monona County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 4, 2015

Monona County

Monona 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:

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

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

Monona County

Schedule of Findings

Year ended June 30, 2014

Responses –

Treasurer – (1) Departments will rotate daily deposit procedures. (2) A random selection of recorded receipts will be selected daily to reconcile the recorded receipts to the initial listing. (3) Employees separate from those cash receipting will help with the reconciliation of investments. (4) Daily balancing reconciliations will include the initials and date performed by the preparer and the independent reviewer.

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

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

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

County Extension – Staff separate duties of opening and approving bills. Two Council members sign checks and initial financial reports. For 2015, we will ensure our Chairperson signs financial statements and keeps them on file. We will also have the Supervisor review all deposits and bank statements every month and sign off on them. We already have in place separate duties when it comes to opening and approving bills and have two Council members sign checks.

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

Conclusions –

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

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

Monona County

Schedule of Findings

Year ended June 30, 2014

- (B) Computer Systems – The County has not developed a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County IT Administrator has developed a continuity/disaster recovery plan and was approved by the Board of Supervisors in October 2014.

Conclusion – Response accepted.

- (C) Infrastructure Useful Lives – The County’s capitalization policy indicates infrastructure should be depreciated between 30 and 50 years. 22 of the 40 line items tested for infrastructure used estimated useful lives outside of this range which resulted in incorrect depreciation expense.

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

Response – In August 2014, the County amended the policy for useful lives to better reflect the actual useful life of the different infrastructure projects at the County.

Conclusion – Response accepted.

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

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

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

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Monona 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 did not exceed the amounts budgeted.
- (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 as follows:

Name, Title and Business Connection	Transaction Description	Amount
Gregg Ramm, Assistant County Engineer, brother of Keith Ramm, owner of Ramm Heating & Cooling, LLC	Heater repair	\$ 14,097
Doug Kuhlman, Conservation Director, Owner of Kuhlman Home Improvements	Equipment rental	4,598

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

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

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

Conclusion – Response accepted.

- (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 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).

Monona County

Schedule of Findings

Year ended June 30, 2014

- (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.

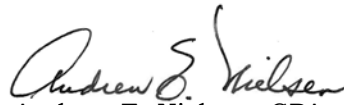
Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

Monona County

Staff

This audit was performed by:

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Jamie T. Reuter, Senior Auditor
Jeremy L. Krajicek, Staff Auditor
Ryan J. Pithan, Staff Auditor
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Andrew E. Nielsen, CPA
Deputy Auditor of State