



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

June 27, 2013

Contact: Andy Nielsen  
515/281-5834

The Office of Auditor of State today released an audit report on Decatur County, Iowa.

The County had local tax revenue of \$9,364,050 for the year ended June 30, 2012, which included \$457,553 in tax credits from the state. The County forwarded \$6,605,887 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,758,163 of the local tax revenue to finance County operations, a 9.6% increase over the prior year. Other revenues included charges for service of \$1,184,830, operating grants, contributions and restricted interest of \$3,863,134, capital grants, contributions and restricted interest of \$46,170, local option sales tax of \$233,863, unrestricted investment earnings of \$5,856 and other general revenues of \$127,641.

Expenses for County operations totaled \$8,108,102, a 1.7% increase over the prior year. Expenses included \$3,395,503 for roads and transportation, \$1,334,699 for mental health and \$1,197,853 for physical health and social services.

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/1210-0027-B00F.pdf>.

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**DECATUR COUNTY**

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

**JUNE 30, 2012**

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**Decatur County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Morris Boswell	Board of Supervisors	Jan 2013
J. R. Cornett	Board of Supervisors	Jan 2013
Gary Boswell	Board of Supervisors	Jan 2015
Tiffani M. Edwards	County Auditor	(Resigned)
Sandy Higdon (Appointed)	County Auditor	Nov 2012
Mary Andrew	County Treasurer	Jan 2015
Gale Norman	County Recorder	Jan 2015
Herbert Muir	County Sheriff	Jan 2013
Lisa Hynden Jeanes	County Attorney	Jan 2015
James Fleming	County Assessor	Jan 2016

**Decatur County**



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## Independent Auditor's Report

To the Officials of Decatur County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Decatur County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Decatur County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 Decatur County at June 30, 2012, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2013 on our consideration of Decatur County's internal control over financial reporting and 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 and should be considered in assessing the results of our audit.

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 7 through 13 and 40 through 43 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 the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Decatur County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the 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.

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

June 11, 2013



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

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Decatur 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, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2012 FINANCIAL HIGHLIGHTS**

- The County's governmental activities revenues decreased 19.6%, or approximately \$2,001,000, from fiscal year 2011 to fiscal year 2012. Capital grants, contributions and restricted interest decreased approximately \$2,395,000.
- The County's governmental activities expenses increased 1.7%, or approximately \$134,000, from fiscal year 2011 to fiscal year 2012. Mental health expenses increased 15.8%, or approximately \$182,000.
- The County's net assets increased less than 1%, or approximately \$112,000, from June 30, 2011 to June 30, 2012.

### **USING THIS ANNUAL REPORT**

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

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

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 periods.

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

### *Fund Financial Statements*

The County has two kinds of funds:

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Decatur County's combined net assets increased from approximately \$17.5 million to approximately \$17.6 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2012	2011
Current and other assets	\$ 6,388	6,033
Capital assets	14,695	14,975
Total assets	21,083	21,008
Long-term liabilities	719	269
Other liabilities	2,751	3,238
Total liabilities	3,470	3,507
Net assets:		
Invested in capital assets, net of related debt	14,390	14,975
Restricted	2,631	2,080
Unrestricted	592	446
Total net assets	\$ 17,613	17,501

Net assets of Decatur County's governmental activities increased less than 1% (\$17,501,000 compared to \$17,613,000) from June 30, 2011 to June 30, 2012. The largest portion of the County's net assets is invested in capital assets (land, infrastructure, intangibles, buildings and equipment). Net assets invested in capital assets decreased approximately \$585,000 due to depreciation expense exceeding current year acquisitions.

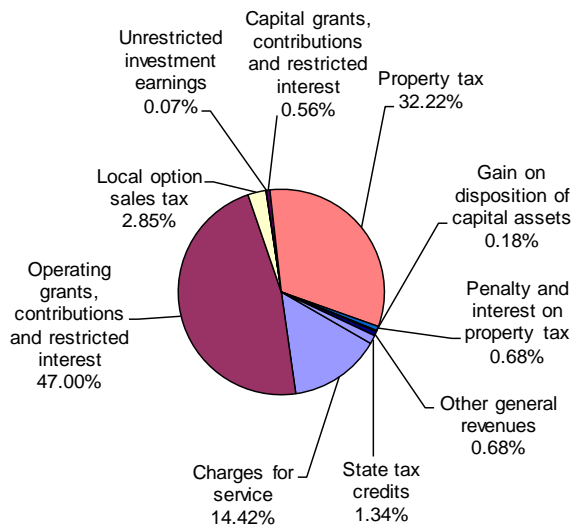
Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets increased 26.5%, or approximately \$551,000, primarily due to increased net assets for supplemental levy, secondary roads and debt service purposes.

Unrestricted net assets — the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements — increased from approximately \$446,000 at June 30, 2011 to approximately \$592,000 at the end of this year, an increase of 32.7%.

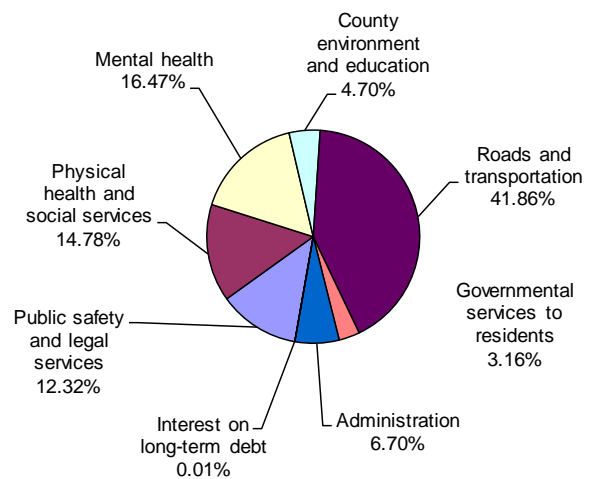
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2012	2011
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,185	1,064
Operating grants, contributions and restricted interest	3,863	3,910
Capital grants, contributions and restricted interest	46	2,441
<b>General revenues:</b>		
Property tax	2,649	2,399
Penalty and interest on property tax	56	53
State tax credits	110	118
Local option sales tax	234	197
Unrestricted investment earnings	6	8
Gain on disposition of capital assets	15	1
Other general revenues	56	30
<b>Total revenues</b>	<b>8,220</b>	<b>10,221</b>
<b>Program expenses:</b>		
Public safety and legal services	999	925
Physical health and social services	1,198	1,217
Mental health	1,335	1,153
County environment and education	381	337
Roads and transportation	3,395	3,459
Governmental services to residents	256	279
Administration	543	604
Interest on long-term debt	1	
<b>Total expenses</b>	<b>8,108</b>	<b>7,974</b>
<b>Change in net assets</b>	<b>112</b>	<b>2,247</b>
<b>Net assets beginning of year</b>	<b>17,501</b>	<b>15,254</b>
<b>Net assets end of year</b>	<b>\$ 17,613</b>	<b>17,501</b>

**Revenues by Source**



**Expenses by Function**



Decatur County's net assets of governmental activities increased approximately \$112,000 during the year. Revenues for governmental activities totaled approximately \$8,220,000, a decrease of 19.6% from the prior year. A decrease in capital grants, contributions and restricted interest of approximately \$2,395,000 was primarily due to contributions of infrastructure from the State of Iowa in the prior year. Property tax revenues account for 32.2% of the governmental activities revenues.

In fiscal year 2012, the urban tax rate was \$8.25303 per \$1,000 of taxable valuation compared to the fiscal year 2011 rate of \$8.29909 per \$1,000 of taxable valuation. The rural tax rate in fiscal year 2012 was \$11.24303 per \$1,000 of taxable valuation compared to the fiscal year 2011 tax rate of \$11.28908 per \$1,000 of taxable valuation.

The cost of all governmental activities was approximately \$8.1 million for fiscal year 2012 compared to approximately \$8.0 million for fiscal year 2011. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only approximately \$3,014,000 because some of the costs were paid by those directly benefited from the programs (approximately \$1,185,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,909,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2012 from approximately \$7,415,000 to approximately \$5,094,000. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

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

As Decatur County completed the year, its governmental funds reported a combined fund balance of \$3,490,940, an increase of \$846,434 over last year's total of \$2,644,506. Following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$111,000, or 4.1%, over the prior year while expenditures increased approximately \$80,000, or 2.9%, over the prior year. The ending fund balance increased approximately \$381,000 over the prior year to approximately \$1,232,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2012, expenditures totaled approximately \$1,336,000, an increase of approximately \$203,000, or 17.9%, over the prior year. Revenues increased approximately \$57,000, or 5.0%. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$159,000 to approximately \$116,000.
- The Special Revenue, Rural Services Fund balance increased approximately \$7,000 from the prior year to approximately \$193,000. This increase is primarily due to an increase in local option sales tax revenues of approximately \$37,000 and a decrease in transfers to other funds.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$183,000 from the prior year while revenues decreased approximately \$137,000. The decrease in revenues is primarily due to a decrease in funding from the State of Iowa. The Secondary Roads Fund balance at year end increased approximately \$290,000, or 25.3%, to approximately \$1,432,000.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Decatur County amended its budget two times. The first amendment was made in November 2011 and resulted in an increase in budgeted disbursements of \$527,959. The primary reason for this amendment was to increase disbursements for the Public Health and Mental Health Departments. The increases in budgeted disbursements were partially offset by increases in budgeted receipts and other financing sources of \$463,768. The second amendment was made in May 2012. This amendment adjusted all disbursement functions and totaled \$376,027, but was offset by \$365,639 of budgeted receipts and other financing sources.

The County's receipts were \$171,612 less than budgeted, a variance of approximately 2.1%. Total disbursements were \$1,105,260, or 12.3%, less than the final amended budget. Actual disbursements for all functions were less than budgeted. Disbursements in the mental health function were \$246,084 less than the final budget due to the budget amendment exceeding actual disbursements. Roads and transportation function disbursements were \$338,564 less than the final budget due to fewer disbursements for roadway maintenance, equipment and equipment operations. Disbursements in the debt service function were \$145,750 less than the final budget due to the County not making a payment on the general obligation notes until after June 30, 2012.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012, Decatur County had approximately \$14.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net decrease (including additions and deletions) of approximately \$280,000, or 1.9%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2012	2011
Land	\$ 2,730	2,716
Construction in progress	59	-
Buildings and improvements	1,467	1,381
Equipment and vehicles	1,069	1,195
Intangibles	520	520
Infrastructure	8,850	9,163
Total	\$ 14,695	14,975

The County had depreciation expense of \$818,491 in fiscal year 2012 and total accumulated depreciation of \$6,209,008 at June 30, 2012. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## Long-Term Debt

At June 30, 2012, Decatur County had approximately \$359,000 of general obligation debt outstanding compared to no debt outstanding at June 30, 2011, as shown below.

	Outstanding Debt of Governmental Activities at Year-End (Expresses in Thousands)	
	June 30,	
	2012	2011
General obligation note	\$ 230	-
Bank loan	129	-
Total	\$ 359	-

Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

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

Decatur County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.9% versus 5.9% a year ago. This compares with the State's unemployment rate of 5.3% and the national rate of 8.2%.

Property valuations are key to what services the County can provide. The Board of Supervisors has always been mindful of the need to provide cost efficient services with the resources available. Amounts available for appropriation in the fiscal year 2013 operating budget are approximately \$10,702,000, a decrease of less than 1% from the final fiscal year 2012 budget.

If these estimates are realized, Decatur County's operating fund balances are expected to decrease from \$2,597,362 to \$2,012,224 by the close of fiscal year 2013.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Decatur 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 Decatur County Auditor's Office, 207 N. Main Street, Leon, Iowa 50144.

**Decatur County**



## **Basic Financial Statements**

Decatur County  
Statement of Net Assets  
June 30, 2012

	Governmental Activities
<b>Assets</b>	
Cash and pooled investments	\$ 3,052,844
Receivables:	
Property tax:	
Delinquent	39,929
Succeeding year	2,341,000
Interest and penalty on property tax	86,433
Accounts	21,864
Accrued interest	421
Due from other governments	425,126
Inventories	419,921
Capital assets, net of accumulated depreciation	14,695,274
<b>Total assets</b>	<b>21,082,812</b>
<b>Liabilities</b>	
Accounts payable	92,510
Salaries and benefits payable	61,839
Due to other governments	255,933
Deferred revenue - succeeding year property tax	2,341,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	230,000
Bank loan	4,056
Compensated absences	135,323
Portion due or payable after one year:	
Bank loan	124,823
Compensated absences	89,538
Net OPEB liability	135,000
<b>Total liabilities</b>	<b>3,470,022</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	14,389,886
Restricted for:	
Supplemental levy purposes	467,583
Mental health purposes	99,193
Rural services purposes	192,446
Secondary roads purposes	1,292,260
Debt service	293,993
Other purposes	285,682
Unrestricted	591,747
<b>Total net assets</b>	<b>\$ 17,612,790</b>

See notes to financial statements.

Decatur County  
Statement of Activities  
Year ended June 30, 2012

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Contributions and Restricted Interest	Grants, Capital Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 999,400	102,036	6,326	-	(891,038)
Physical health and social services	1,197,853	402,401	664,270	-	(131,182)
Mental health	1,334,699	326,533	577,171	-	(430,995)
County environment and education	380,709	27,715	61,837	-	(291,157)
Roads and transportation	3,395,503	177,851	2,552,712	46,170	(618,770)
Governmental services to residents	255,811	128,424	2	-	(127,385)
Administration	543,877	19,870	815	-	(523,192)
Interest on long-term debt	250	-	1	-	(249)
<b>Total</b>	<b>\$ 8,108,102</b>	<b>1,184,830</b>	<b>3,863,134</b>	<b>46,170</b>	<b>(3,013,968)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					2,372,747
Debt service					275,776
Penalty and interest on property tax					56,463
State tax credits					109,640
Local option sales tax					233,863
Unrestricted investment earnings					5,856
Gain on disposition of capital assets					15,016
Miscellaneous					56,162
<b>Total general revenues</b>					<b>3,125,523</b>
Change in net assets					111,555
Net assets beginning of year					17,501,235
Net assets end of year					<b>\$ 17,612,790</b>

See notes to financial statements.

Decatur County  
Balance Sheet  
Governmental Funds

June 30, 2012

	General	Special Revenue	
		Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments	\$ 1,200,293	304,841	159,187
Receivables:			
Property tax:			
Delinquent	25,294	4,492	5,929
Succeeding year	1,482,000	303,000	422,000
Interest and penalty on property tax	86,433	-	-
Accounts	19,599	282	1,712
Accrued interest	421	-	-
Due from other funds	6,424	-	-
Due from other governments	105,724	52,897	35,925
Inventories	-	-	-
<b>Total assets</b>	<b>\$ 2,926,188</b>	<b>665,512</b>	<b>624,753</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 24,028	29,268	1,040
Salaries and benefits payable	28,831	4,472	2,023
Due to other funds	779	100	922
Due to other governments	46,783	207,889	-
Deferred revenue:			
Succeeding year property tax	1,482,000	303,000	422,000
Other	111,727	4,492	5,929
Total liabilities	1,694,148	549,221	431,914
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	479,380	-	-
Mental health purposes	-	116,291	-
Rural services purposes	-	-	192,839
Secondary roads purposes	-	-	-
SIRWA water grid	51,126	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned:			
Conservation purposes	2,360	-	-
Unassigned	699,174	-	-
Total fund balances	1,232,040	116,291	192,839
<b>Total liabilities and fund balances</b>	<b>\$ 2,926,188</b>	<b>665,512</b>	<b>624,753</b>

See notes to financial statements.

Secondary		
Roads	Nonmajor	Total
905,873	482,650	3,052,844
-	4,214	39,929
-	134,000	2,341,000
-	-	86,433
124	147	21,864
-	-	421
1,989	-	8,413
180,077	50,503	425,126
419,921	-	419,921
<u>1,507,984</u>	<u>671,514</u>	<u>6,395,951</u>
35,286	2,888	92,510
21,584	4,929	61,839
-	6,612	8,413
301	960	255,933
-	134,000	2,341,000
18,954	4,214	145,316
<u>76,125</u>	<u>153,603</u>	<u>2,905,011</u>
419,921	-	419,921
-	-	479,380
-	-	116,291
-	-	192,839
1,011,938	-	1,011,938
-	-	51,126
-	289,779	289,779
-	234,556	234,556
-	-	2,360
-	(6,424)	692,750
<u>1,431,859</u>	<u>517,911</u>	<u>3,490,940</u>
<u>1,507,984</u>	<u>671,514</u>	<u>6,395,951</u>

**Decatur County**

Decatur County

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

June 30, 2012

**Total governmental fund balances (page 19)** \$ 3,490,940

***Amounts reported for governmental activities in the Statement of Net Assets 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 \$20,904,282 and the accumulated depreciation is \$6,209,008. 14,695,274

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 145,316

Long-term liabilities, including general obligation notes payable, bank loan payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (718,740)

**Net assets of governmental activities (page 16)** \$ 17,612,790

See notes to financial statements.

Decatur County

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

Year ended June 30, 2012

	General	Special Revenue	
		Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 1,629,261	289,329	451,078
Local option sales tax	-	-	233,863
Interest and penalty on property tax	38,698	-	-
Intergovernmental	731,896	856,146	23,361
Licenses and permits	6,981	-	-
Charges for service	274,709	287	-
Use of money and property	5,649	10,658	-
Miscellaneous	155,622	19,680	2,992
Total revenues	2,842,816	1,176,100	711,294
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	846,098	-	148,648
Physical health and social services	929,756	-	-
Mental health	31	1,335,543	-
County environment and education	277,249	-	94,800
Roads and transportation	-	-	-
Governmental services to residents	248,471	-	2,723
Administration	520,688	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	2,822,293	1,335,543	246,171
Excess (deficiency) of revenues over (under) expenditures	20,523	(159,443)	465,123
<b>Other financing sources (uses):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	(458,000)
General obligation notes issued	230,000	-	-
Bank loan proceeds	130,000	-	-
Total other financing sources (uses)	360,000	-	(458,000)
Change in fund balances	380,523	(159,443)	7,123
Fund balances beginning of year	851,517	275,734	185,716
Fund balances end of year	\$ 1,232,040	116,291	192,839

See notes to financial statements.



Secondary Roads	Nonmajor	Total
-	271,562	2,641,230
-	-	233,863
-	-	38,698
2,695,525	427,700	4,734,628
60	-	7,041
26	1,737	276,759
-	8	16,315
73,951	8,589	260,834
2,769,562	709,596	8,209,368
-	240	994,986
-	367,176	1,296,932
-	-	1,335,574
-	13,211	385,260
2,714,101	-	2,714,101
-	-	251,194
-	-	520,688
-	250	250
223,949	-	223,949
2,938,050	380,877	7,722,934
(168,488)	328,719	486,434
458,000	-	458,000
-	-	(458,000)
-	-	230,000
-	-	130,000
458,000	-	360,000
289,512	328,719	846,434
1,142,347	189,192	2,644,506
1,431,859	517,911	3,490,940

Decatur County

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

Year ended June 30, 2012

**Change in fund balances - Total governmental funds (page 23)** \$ 846,434

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

Expenditures for capital assets	\$ 523,463	
Depreciation expense	<u>(818,491)</u>	(295,028)

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.		15,016
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Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	7,293	
Other	<u>(12,020)</u>	(4,727)

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 Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(360,000)	
Repaid	<u>1,121</u>	(358,879)

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	(46,161)	
Other postemployment benefits	<u>(45,100)</u>	<u>(91,261)</u>

**Change in net assets of governmental activities (page 17)** \$ 111,555

See notes to financial statements.

Decatur County

Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2012

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 762,057
Other County officials	15,915
Receivables:	
Property tax:	
Delinquent	107,187
Succeeding year	6,255,000
Accounts	9,057
Assessments	27,498
<b>Total assets</b>	<u>7,176,714</u>

**Liabilities**

Accounts payable	37,979
Salaries and benefits payable	2,235
Due to other governments	7,107,088
Trusts payable	25,716
Compensated absences	3,696
<b>Total liabilities</b>	<u>7,176,714</u>

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

Decatur County

Notes to Financial Statements

June 30, 2012

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

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

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

The County also participates in the following jointly governed organizations: the Wayne, Ringgold and Decatur County Solid Waste Management Commission, Southern Iowa Resource Conservation and Development Area, Inc., Southern Iowa Rural Water Association and Southern Iowa Council of Governments.

B. Basis of Presentation

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

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories.

*Invested in capital assets, net of related debt* 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 assets* result when constraints placed on net asset use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

A deficit cash balance of a fund is eliminated against cash from other funds. The balances of the interfund amounts receivable or payable at June 30, 2012 are recorded in the fund financial statements.

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 Assets. 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	\$ 65,000
Intangibles	25,000
Land, buildings and improvements	5,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Equipment	3 - 20
Vehicles	5 - 15
Infrastructure	10 - 65
Intangibles	5 - 20

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



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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide 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, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,774,036 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: County Recorder's Electronic Transaction Fee	\$ 6,424
Special Revenue: Secondary Roads	General	779
	Special Revenue: Mental Health	100
	Rural Services	922
	Juvenile Tracking	188
Total		<u>\$ 8,413</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made. Additionally, the balance results from the reclassification of a deficit cash balance in the Special Revenue, Recorder Electronic Transaction Fund to the General Fund for reporting purposes.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>\$ 458,000</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 2,715,644	14,573	-	2,730,217
Intangibles, road network	519,719	-	-	519,719
Construction in progress	-	243,119	184,573	58,546
Total capital assets not being depreciated	3,235,363	257,692	184,573	3,308,482
Capital assets being depreciated:				
Buildings	1,515,887	119,621	-	1,635,508
Improvements other than buildings	376,986	9,950	-	386,936
Equipment and vehicles	4,692,828	154,764	92,740	4,754,852
Infrastructure, road network	10,633,931	184,573	-	10,818,504
Total capital assets being depreciated	17,219,632	468,908	92,740	17,595,800
Less accumulated depreciation for:				
Buildings	419,686	34,566	-	454,252
Improvements other than buildings	92,287	9,061	-	101,348
Equipment and vehicles	3,497,334	277,167	89,192	3,685,309
Infrastructure, road network	1,470,402	497,697	-	1,968,099
Total accumulated depreciation	5,479,709	818,491	89,192	6,209,008
Total capital assets being depreciated, net	11,739,923	(349,583)	3,548	11,386,792
Governmental activities capital assets, net	\$14,975,286	(91,891)	188,121	14,695,274

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 40,094
Physical health and social services	22,157
Mental health	18,052
County environment and education	21,805
Roads and transportation	700,319
Administration	16,064
Total depreciation expense - governmental activities	<u>\$ 818,491</u>

**(6) 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, 2012 is as follows:

Fund	Description	Amount
General	Services	\$ 46,783
Special Revenue:		
Mental Health	Services	207,889
Secondary Roads		301
Other		960
		<u>209,150</u>
Total for governmental funds		<u>\$ 255,933</u>
Agency:		
County Assessor	Collections	\$ 370,685
Schools		3,984,292
Community Colleges		186,293
Corporations		1,257,260
Townships		137,550
Auto License and Use Tax		131,555
All other		1,039,453
Total for agency funds		<u>\$ 7,107,088</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	General Obligation Notes	Bank Loan	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ -	-	178,700	89,900	268,600
Increases	230,000	130,000	263,427	45,100	668,527
Decreases	-	1,121	217,266	-	218,387
Balance end of year	<u>\$ 230,000</u>	<u>128,879</u>	<u>224,861</u>	<u>135,000</u>	<u>718,740</u>
Due within one year	<u>\$ 230,000</u>	<u>4,056</u>	<u>135,323</u>	<u>-</u>	<u>369,379</u>

General Obligation Notes Payable

A summary of the County's June 30, 2012 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2013	3.47%	<u>\$ 230,000</u>	<u>7,715</u>	<u>237,715</u>

During the year ended June 30, 2012, the County issued \$230,000 of general obligation notes to Great Western Bank. The notes bear interest at 3.47% per annum payable at maturity on June 1, 2013.

Bank Loan Payable

A summary of the County's June 30, 2012 loan indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2013	4.85%	\$ 4,056	6,070	10,126
2014	4.85	4,078	6,047	10,125
2015	4.85	4,283	5,842	10,125
2016	4.85	4,483	5,642	10,125
2017	4.85	4,724	5,401	10,125
2018-2022	4.85	27,417	23,208	50,625
2023-2027	4.85	35,046	15,580	50,626
2028-2032	4.85	44,792	5,832	50,624
Total		\$ 128,879	73,622	202,501

On October 1, 2011, the County borrowed \$60,000 from American State Bank to purchase a building for the Public Health Department. On June 11, 2012, the County borrowed an additional \$70,000 from American State Bank to remodel the Public Health building. The bank rolled the outstanding balance of the original loan of \$58,879 with the additional \$70,000 borrowed for a new loan of \$128,879. The loan requires monthly payments of \$844 from July 1, 2012 through June 1, 2032. During the year ended June 30, 2012, the County paid \$1,121 of principal and \$2,038 of interest on the loan.

**(8) 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 5.38% of their annual covered salary and the County is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$251,830, \$216,757 and \$206,237, respectively, equal to the required contributions for each year.

**(9) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 75 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 44,900
Interest on net OPEB obligation	3,600
Adjustment to annual required contribution	<u>(3,400)</u>
Annual OPEB cost	45,100
Contributions made	<u>-</u>
Increase in net OPEB obligation	45,100
Net OPEB obligation beginning of year	<u>89,900</u>
Net OPEB obligation end of year	<u><u>\$135,000</u></u>

For the year ended June 30, 2012, there were no contributions to the medical plan by the County or from plan members eligible for benefits.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 44,872	0.0%	\$ 44,872
2011	45,028	0.0	89,900
2012	45,100	0.0	135,000

Funded Status and Funding Progress – As of June 30, 2012, the most recent actuarial accrued liability was \$281,997, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$281,997. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,702,000 and the ratio of the UAAL to covered payroll was 10.4%. As of June 30, 2012, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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, 2009 valuation date, a simplified version of the unit credit actuarial cost method was used. The assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table, projected to 2010 using scale AA. Protective service employees are assumed to retire at age 58 and administrative employees are assumed to retire at age 61 subject to the minimum age/service retirement eligibility.

Projected claim costs of the medical plan range from \$561 to \$633 per month for retirees, \$716 to \$775 for retirees plus one dependent and \$1,217 to \$1,231 for retirees and family 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) Risk Management**

The County is a member of the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool whose membership includes ten counties throughout the State of Iowa. The Pool was formed in July 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member county is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverages is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2012, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$5,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on

estimates of reported and incurred but not reported claims and related loss adjustments expenses. At June 30, 2012, 2011 and 2010, the risk pool reported a surplus of assets over liabilities.

Each member retains the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since commencement of the risk pool.

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, 2012 were \$123,180.

Initial membership into the risk pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Decatur County commenced July 1, 1987, and is subject to renewal every three years. The County also carries commercial insurance purchased by the risk pool from other insurers for coverages associated with the employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

On May 23, 2005, the County entered into a 28E agreement with SIRWA and nine other counties to provide joint financing of certain water development facilities at Gooseberry Lake to enable SIRWA to withdraw water sufficient to supply treated water to portions of SIRWA's rural water distribution system. Pursuant to the agreement, SIRWA planned to obtain a loan of \$500,000 to cover the initial costs. Liability for repayment of the loan was to be borne by the respective parties (counties) to the agreement. Decatur County's share of the debt was to be 12.5%, or \$62,500. Each participant was required to establish a SIRWA Grid Sinking and Reserve Fund, into which sufficient funds to pay the principal and interest on the loan were to be deposited from the participant's General Fund. The County established the Special Revenue, SIRWA Water Grid Fund and transferred \$50,000 from the General Fund to this fund in compliance with the 28E agreement. During the year ended June 30, 2010, the County was informed the project would not proceed and the 28E agreement with SIRWA would be dissolved. The County is waiting for the final dissolution of the 28E agreement and formal termination of the project before redirecting the funds previously set aside.

**(12) Deficit Fund Balance**

The Special Revenue, County Recorder's Electronic Transaction Fee Fund had a deficit fund balance of \$6,424 at June 30, 2012. The County will eliminate the deficit by transferring funds from the Special Revenue, County Recorder's Records Management Fund.



**Required Supplementary Information**

Decatur 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, 2012

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
<b>Receipts:</b>				
Property and other county tax	\$2,873,493	2,724,363	2,924,414	(50,921)
Interest and penalty on property tax	38,698	34,085	34,085	4,613
Intergovernmental	4,618,650	4,397,405	4,698,968	(80,318)
Licenses and permits	7,041	5,100	7,600	(559)
Charges for service	272,022	246,358	287,776	(15,754)
Use of money and property	16,120	13,177	17,305	(1,185)
Miscellaneous	290,487	201,860	317,975	(27,488)
<b>Total receipts</b>	<b>8,116,511</b>	<b>7,622,348</b>	<b>8,288,123</b>	<b>(171,612)</b>
<b>Disbursements:</b>				
Public safety and legal services	996,160	1,003,376	1,012,981	16,821
Physical health and social services	1,318,623	1,278,697	1,488,464	169,841
Mental health	1,311,765	1,104,978	1,557,849	246,084
County environment and education	388,235	392,792	423,809	35,574
Roads and transportation	2,867,086	3,062,983	3,205,650	338,564
Governmental services to residents	250,108	298,010	285,384	35,276
Administration	489,731	684,219	528,904	39,173
Nonprogram	-	-	10,000	10,000
Debt service	250	-	146,000	145,750
Capital projects	246,823	245,000	315,000	68,177
<b>Total disbursements</b>	<b>7,868,781</b>	<b>8,070,055</b>	<b>8,974,041</b>	<b>1,105,260</b>
Excess (deficiency) of receipts over (under) disbursements	247,730	(447,707)	(685,918)	933,648
Other financing sources, net	360,000	146,050	309,682	50,318
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	607,730	(301,657)	(376,236)	983,966
Balance beginning of year	2,445,114	2,170,389	2,170,389	274,725
Balance end of year	<b>\$3,052,844</b>	<b>1,868,732</b>	<b>1,794,153</b>	<b>1,258,691</b>

See accompanying independent auditor's report.

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Decatur County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,116,511	92,857	8,209,368
Expenditures	7,868,781	(145,847)	7,722,934
Net	247,730	238,704	486,434
Other financing sources, net	360,000	-	360,000
Beginning fund balances	2,445,114	199,392	2,644,506
Ending fund balances	\$ 3,052,844	438,096	3,490,940

See accompanying independent auditor's report.

Decatur County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$903,986. 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, 2012, disbursements did not exceed the amounts budgeted. However, the Board did not approve a resolution to appropriate the original budget to each department. As a result, disbursements in the departments exceeded the budget appropriations.

Decatur County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 282	282	0.0%	\$ 2,786	10.1%
2011	July 1, 2009	-	282	282	0.0	2,685	10.5
2012	July 1, 2009	-	282	282	0.0	2,702	10.4

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.

**Decatur County**

**Supplementary Information**

Decatur County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2012

	County Recorder's Records Management	Resource Enhance- ment and Protection	Structure Operation and Main- tenance	Juvenile Tracking
<b>Assets</b>				
Cash and pooled investments	\$ 14,082	22,793	5,085	137,784
Receivables:				
Delinquent property tax	-	-	-	-
Succeeding year property tax	-	-	-	-
Accounts	147	-	-	-
Due from other governments	-	-	-	47,312
<b>Total assets</b>	<b>\$ 14,229</b>	<b>22,793</b>	<b>5,085</b>	<b>185,096</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	2,485
Salaries and benefits payable	-	-	-	4,929
Due to other funds	-	-	-	188
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	7,602
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Other purposes	14,229	22,793	5,085	177,494
Unassigned	-	-	-	-
Total fund balances	14,229	22,793	5,085	177,494
<b>Total liabilities and fund balances</b>	<b>\$ 14,229</b>	<b>22,793</b>	<b>5,085</b>	<b>185,096</b>

See accompanying independent auditor's report.



Special Revenue							
Emergency Medical Services	Special Law Enforcement Proceeds	County Recorder's Electronic Transaction Fee	County Attorney Forfeiture	Courthouse Repair	Debt Service	Total	
1,176	4,811	-	2,958	4,182	289,779	482,650	
-	-	-	-	-	4,214	4,214	
-	-	-	-	-	134,000	134,000	
-	-	-	-	-	-	147	
3,191	-	-	-	-	-	50,503	
4,367	4,811	-	2,958	4,182	427,993	671,514	
403	-	-	-	-	-	2,888	
-	-	-	-	-	-	4,929	
-	-	6,424	-	-	-	6,612	
960	-	-	-	-	-	960	
-	-	-	-	-	134,000	134,000	
-	-	-	-	-	4,214	4,214	
1,363	-	6,424	-	-	138,214	153,603	
-	-	-	-	-	289,779	289,779	
3,004	4,811	-	2,958	4,182	-	234,556	
-	-	(6,424)	-	-	-	(6,424)	
3,004	4,811	(6,424)	2,958	4,182	289,779	517,911	
4,367	4,811	-	2,958	4,182	427,993	671,514	

Decatur County

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

Year ended June 30, 2012

	County Recorder's Records Management	Resource Enhance- ment and Protection	Structure Operation and Main- tenance	Juvenile Tracking
<b>Revenues:</b>				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	9,573	-	400,000
Charges for service	1,737	-	-	-
Use of money and property	2	5	-	-
Miscellaneous	-	-	-	6,213
Total revenues	1,739	9,578	-	406,213
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	364,298
County environment and education	-	13,211	-	-
Debt service	-	-	-	-
Total expenditures	-	13,211	-	364,298
Excess (deficiency) of revenues over (under) expenditures	1,739	(3,633)	-	41,915
Fund balances beginning of year	12,490	26,426	5,085	135,579
Fund balances end of year	\$ 14,229	22,793	5,085	177,494

See accompanying independent auditor's report.

Special Revenue							
Emergency Medical Services	Special Law Enforcement Proceeds	County Recorder's Electronic Transaction Fee	County Attorney Forfeiture	Courthouse Repair	Debt Service	Total	
-	-	-	-	-	271,562	271,562	
6,210	450	-	-	-	11,467	427,700	
-	-	-	-	-	-	1,737	
-	-	-	-	-	1	8	
50	1,550	-	776	-	-	8,589	
6,260	2,000	-	776	-	283,030	709,596	
-	240	-	-	-	-	240	
2,878	-	-	-	-	-	367,176	
-	-	-	-	-	-	13,211	
-	-	-	-	-	250	250	
2,878	240	-	-	-	250	380,877	
3,382	1,760	-	776	-	282,780	328,719	
(378)	3,051	(6,424)	2,182	4,182	6,999	189,192	
3,004	4,811	(6,424)	2,958	4,182	289,779	517,911	

Decatur County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	1,235	203,645	72,216	3,268
Other County officials	15,915	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,144	2,675	66,076	3,025
Succeeding year	-	69,000	170,000	3,846,000	180,000
Accounts	-	-	8	-	-
Special assessments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 15,915</b>	<b>71,379</b>	<b>376,328</b>	<b>3,984,292</b>	<b>186,293</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	126	-	-
Salaries and benefits payable	-	-	1,821	-	-
Due to other governments	15,915	71,379	370,685	3,984,292	186,293
Trusts payable	-	-	-	-	-
Compensated absences	-	-	3,696	-	-
<b>Total liabilities</b>	<b>\$ 15,915</b>	<b>71,379</b>	<b>376,328</b>	<b>3,984,292</b>	<b>186,293</b>

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
28,757	1,712	131,555	319,669	762,057
-	-	-	-	15,915
21,503	1,838	-	10,926	107,187
1,207,000	134,000	-	649,000	6,255,000
-	-	-	9,049	9,057
-	-	-	27,498	27,498
<u>1,257,260</u>	<u>137,550</u>	<u>131,555</u>	<u>1,016,142</u>	<u>7,176,714</u>
-	-	-	37,853	37,979
-	-	-	414	2,235
1,257,260	137,550	131,555	952,159	7,107,088
-	-	-	25,716	25,716
-	-	-	-	3,696
<u>1,257,260</u>	<u>137,550</u>	<u>131,555</u>	<u>1,016,142</u>	<u>7,176,714</u>

Decatur County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2012

	Agricultural				
	County Offices	Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 11,886	76,406	331,151	4,470,046	200,677
Additions:					
Property and other county tax	-	68,739	170,481	3,854,481	180,714
E911 surcharge	-	-	-	-	-
State tax credits	-	3,113	7,281	181,926	8,234
Office fees and collections	183,618	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	93,550	-	-	-	-
Miscellaneous	-	-	1,327	-	-
Total additions	277,168	71,852	179,089	4,036,407	188,948
Deductions:					
Agency remittances:					
To other funds	89,681	-	-	-	-
To other governments	90,991	76,879	133,912	4,522,161	203,332
Trusts paid out	92,467	-	-	-	-
Total deductions	273,139	76,879	133,912	4,522,161	203,332
Balances end of year	\$ 15,915	71,379	376,328	3,984,292	186,293

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Other	Total
1,344,866	133,705	131,540	1,056,756	7,757,033
1,199,267	134,209	-	650,083	6,257,974
-	-	-	36,140	36,140
58,429	5,123	-	83,807	347,913
-	-	-	-	183,618
-	-	1,810,487	-	1,810,487
-	-	-	6,412	6,412
-	-	-	143,720	237,270
-	-	-	181,591	182,918
1,257,696	139,332	1,810,487	1,101,753	9,062,732
-	-	69,629	-	159,310
1,345,302	135,487	1,740,843	977,001	9,225,908
-	-	-	165,366	257,833
1,345,302	135,487	1,810,472	1,142,367	9,643,051
1,257,260	137,550	131,555	1,016,142	7,176,714

Decatur County

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

For the Last Ten Years

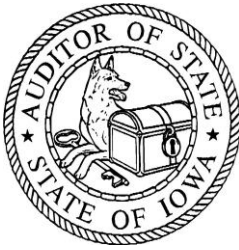
	2012	2011	2010	2009
<b>Revenues:</b>				
Property and other county tax	\$ 2,641,230	2,385,586	2,330,691	2,147,097
Local option sales tax	233,863	196,528	207,294	194,886
Interest and penalty on property tax	38,698	35,276	35,905	35,961
Intergovernmental	4,734,628	4,663,097	4,526,232	4,524,871
Licenses and permits	7,041	7,462	6,997	4,552
Charges for service	276,759	298,864	261,623	260,759
Use of money and property	16,315	19,206	27,248	32,866
Miscellaneous	260,834	237,043	276,605	196,132
<b>Total</b>	<b>\$ 8,209,368</b>	<b>7,843,062</b>	<b>7,672,595</b>	<b>7,397,124</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 994,986	928,288	911,014	889,564
Physical health and social services	1,296,932	1,243,715	1,175,459	1,219,969
Mental health	1,335,574	1,132,926	993,984	1,096,615
County environment and education	385,260	348,532	364,380	357,413
Roads and transportation	2,714,101	2,990,872	2,988,154	2,934,283
Governmental services to residents	251,194	271,421	256,647	255,150
Administration	520,688	591,093	628,799	594,887
Non-program	-	-	-	7,542
Debt service	250	-	-	-
Capital projects	223,949	129,701	219,324	27,697
<b>Total</b>	<b>\$ 7,722,934</b>	<b>7,636,548</b>	<b>7,537,761</b>	<b>7,383,120</b>

See accompanying independent auditor's report.



Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
1,917,384	1,883,153	1,818,723	1,679,263	1,734,577	1,619,832
210,406	221,697	181,061	197,900	141,449	179,512
34,997	31,338	32,839	34,739	35,514	35,918
4,575,473	4,199,531	3,887,731	3,443,926	3,692,694	3,642,197
3,489	4,431	2,182	1,423	1,928	1,088
297,940	270,620	291,073	201,075	215,488	171,324
97,023	109,774	97,725	71,165	47,470	52,372
179,808	210,735	154,284	121,849	145,044	168,066
<b>7,316,520</b>	<b>6,931,279</b>	<b>6,465,618</b>	<b>5,751,340</b>	<b>6,014,164</b>	<b>5,870,309</b>
896,793	841,586	800,104	750,691	729,783	713,309
1,241,444	1,008,891	947,087	262,646	241,225	222,525
1,176,131	1,099,423	1,036,031	984,180	1,401,743	1,569,514
301,919	300,666	246,993	294,236	271,347	242,942
2,726,522	2,808,097	2,709,029	2,333,815	2,863,419	2,408,685
240,104	218,865	356,007	231,351	203,776	192,437
578,576	581,694	571,962	485,066	503,373	471,991
-	-	-	-	-	-
80,736	68,090	76,325	73,226	74,972	75,000
64,936	123,954	130,190	116,314	100,150	88,127
<b>7,307,161</b>	<b>7,051,266</b>	<b>6,873,728</b>	<b>5,531,525</b>	<b>6,389,788</b>	<b>5,984,530</b>

**Decatur County**



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

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

To the Officials of Decatur County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Decatur County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated June 11, 2013. 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.

Internal Control Over Financial Reporting

Management of Decatur County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Decatur County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Decatur County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Decatur County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses 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 deficiencies in internal control described in the accompanying Schedule of Findings as items (A) through (D) to be material weaknesses.

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

## Compliance and Other Matters

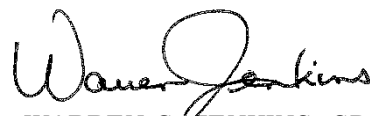
As part of obtaining reasonable assurance about whether Decatur County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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, 2012 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.

Decatur County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Decatur County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Decatur County and other parties to whom Decatur County may report and is not intended to be and should not be used by anyone other than these specified parties.

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

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

June 11, 2013

Decatur County

Schedule of Findings

Year ended June 30, 2012

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, the existing control activities 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. One or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:
- (1) Auditor – The duties of recording sick leave and vacation, entering payroll input, preparing and distributing payroll checks and custody of undistributed payroll checks are not segregated and there is no evidence of independent review of payroll journals. Electronic funds transfers for FICA and IPERS payments are not reviewed by an independent person. Compensated absences are not periodically reviewed by an independent person. Journal entries are not reviewed and approved by an independent person.
  - (2) Treasurer – The duties of opening the mail, collecting, depositing, posting, daily reconciling, maintaining the detailed accounts receivable listing and being custodian of the change fund are not segregated. A list of checks received in the mail is periodically prepared by the mail opener, but there is no independent review or reconciliation of the initial listing. Bank accounts are not reconciled monthly by an individual who does not handle cash and the reconciliations are not reviewed periodically by an independent person for propriety. Additionally, the same individual who collects receipts can also void receipts and reconcile the bank account. There is no independent review of the daily motor vehicle reconciliation. A change fund for the Treasurer’s Office is shared among employees.
  - (3) Recorder – The duties of opening mail receipts, collecting, depositing, posting and daily reconciling are not segregated. A list of checks received in the mail is not prepared by the person opening the mail. Bank reconciliations are not reviewed periodically by an independent person for propriety. Also, the person who signs checks is not independent of the person approving disbursements, handling cash, recording cash receipts and preparing checks.
  - (4) Sheriff – The duties of opening and listing mail receipts, collecting, depositing, posting, daily reconciling and being custodian of the change fund are not segregated. Bank accounts are not reconciled monthly by an individual who does not handle cash and the reconciliations are not reviewed periodically by an independent person for propriety.
  - (5) Secondary Roads Department – The duties of opening and listing mail receipts, collecting, depositing, posting, daily reconciling and maintaining accounts receivable records are not segregated. An initial listing of mail

Decatur County

Schedule of Findings

Year ended June 30, 2012

receipts is prepared, but there is no independent review or reconciliation of the initial listing.

- (6) Conservation Department – Duties of collecting and depositing receipts are not segregated. Checks received are not restrictively endorsed at the time of receipt.
- (7) Public Health Department – The duties of opening the mail, collecting, depositing, posting, daily reconciling and maintaining accounts receivable records are not segregated. An initial listing of mail receipts is prepared, but there is no independent review or reconciliation of the initial listing.
- (8) County Agricultural Extension Office - Generally, one or two individuals may have control over collecting, depositing and reconciling receipts. Bank reconciliations are not prepared or reviewed by an independent person.

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

Responses –

Auditor – The Auditor and Budget/Finance Manager will make every attempt to segregate the duties of recording sick leave and vacation, entering payroll input, preparing and distributing payroll checks and custody of undistributed payroll checks. The Auditor will coordinate with the Budget/Finance Manager, as well as the Office Manager for Secondary Roads, to perform an independent review of the payroll journals, FICA and IPERS electronic funds transfers, compensated absences and journal entries. The independent reviews will be evidenced by the initials of the reviewer and the date of the review.

Treasurer – We will make an attempt to have the mail listed more frequently by different employees. The new County Auditor will review the bank reconciliation. Change drawers are reconciled each day by all deputies and the Treasurer. We will work with the County Auditor to have someone review the motor vehicle reconciliations.

Recorder – Employees rotate duties. If one person prepares the check, the other one signs it. The daily balancing is performed by both employees. One employee does the receipts and deposits while the other employee balances the feebook and 18 column ledger.

Decatur County

Schedule of Findings

Year ended June 30, 2012

Sheriff – Whoever works dispatch will receipt all checks coming in. Shirley will do the bank reconciliations and the Sheriff will review them. The Sheriff and Shirley will both initial the bank reconciliations.

Secondary Roads Department – Due to limited funding, we do not have the ability to have additional staff to perform each of these duties separately.

Conservation Department – We will follow the recommendations above.

Public Health Department – We understand the concerns and will discuss the operations of the department with the Administrator to resolve this matter, particularly the matter of spot-checking receipts.

County Agricultural Extension Office – We will strive to provide segregation of duties to the extent possible with limited staff.

Conclusions –

Secondary Roads Department – Response acknowledged. The department should utilize current personnel or personnel from other offices to provide additional control.

All Others – Responses accepted.

(B) Financial Reporting – During the audit, we identified material amounts of receivables not recorded in the County's financial statements. In addition, other correcting entries were necessary, as follows:

- Material errors in accrual classifications of receivables and payables were identified and corrected.
- Juvenile tracking receipts of \$33,682 from the State of Iowa were coded as other financing sources rather than intergovernmental receipts.
- Certain intergovernmental revenue was posted as miscellaneous.

Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables are properly identified and included in the County's financial statements. In addition, the County should implement procedures to ensure all financial transactions are properly classified.

Response – Procedures will be implemented to properly identify and timely include receivables in the County's financial statements. Procedures will also be put in place to ensure all financial transactions are properly classified.

Conclusion – Response accepted.

Decatur County

Schedule of Findings

Year ended June 30, 2012

- (C) Bank Reconciliations – During the year ended June 30, 2012, significant variances existed between the bank balance and the general ledger (book balance). At June 30, 2012, the book balance exceeded the bank balance by approximately \$16,000. In addition, the outstanding checks listing does not agree to the outstanding checks total on the Treasurer’s Semi-Annual report. The detailed outstanding checks listing is \$9,719 less than the amount of outstanding checks per the Treasurer’s Semi-Annual report.

Recommendation – The County should investigate and resolve variances between the detailed outstanding checks listing and the Treasurer’s Semi-Annual report timely.

Response – The Treasurer’s Office will work with the County Auditor’s Office and Tyler Technologies to balance the general ledger. We will investigate and resolve variances between the detailed outstanding checks listing and the Treasurer’s Semi-Annual report timely.

Conclusion – Response accepted.

- (D) Calculation of Property Tax – The following errors in the preparation of property tax for the year ended June 30, 2012 were noted:

The agland tax credit was incorrectly entered on the abstract of taxes, causing an overstatement of the agland tax credit given to taxpayers of \$16,622 compared to the amount the County received from the State.

The family farm tax credit was incorrectly entered on the abstract of taxes, causing an overstatement of the family farm tax credit given to taxpayers of \$18,048 compared to the amount the County received from the State.

Recommendation – The County should implement procedures to ensure the calculation of property tax and tax levies are accurate.

Response – The County will implement procedures to ensure the calculation of property tax and tax levies are accurate.

Conclusion – Response accepted.

- (E) Accounting Procedures Manuals – We encourage the development of office procedures and standardized accounting manuals for all County offices. These manuals should provide the following benefits:

- (1) Aid in training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or similar, situation arises.

Recommendation – Office procedures and accounting manuals should be prepared for all County offices.



Decatur County

Schedule of Findings

Year ended June 30, 2012

Responses –

Treasurer – We are working on this. It is very important and will be diligent in getting this done.

Auditor – We will work to develop office procedures and accounting manuals for routine procedures within our office.

Recorder – We will work to make it more detailed.

Conclusions – Responses accepted.

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

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

Response – The County Auditor’s Office will periodically request each Department Head review capital assets to verify the assets on the list still exist and are in use and all assets meeting the definition of a capital asset owned by the County are included on the list.

Conclusion – Response accepted.

- (G) Computer Systems – The following weaknesses in the County’s computer systems were noted:

The County does not have written policies for:

- password privacy and confidentiality.
- requiring password changes because software does not require the user to change log-ins/passwords periodically.
- Logging off unattended terminals or screensaver protected terminals.

In addition, the County’s disaster recovery plan for the County’s computer systems does not include many key elements, such as requiring a copy of the plan be kept off site, requiring backups be kept offsite and maintenance of an inventory of all hardware components and software applications needed to reestablish operations.

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over its computer systems. The County should include the suggested key elements in their written disaster recovery plan.

Decatur County

Schedule of Findings

Year ended June 30, 2012

Response – Efforts will be made to develop written policies addressing the items listed above, as well as other “best practices” related to computer security issues. In addition, the County will review its disaster recovery plan relating to our computer systems and update it to include the suggested key elements to ensure a speedy and accurate recovery of operations.

Conclusion – Response accepted.

- (H) County Sheriff – Book balances are not reconciled to the trust account listings. In addition, the County Sheriff’s Office does not prepare an annual summary of receipts and disbursements.

Recommendation – Book balances should be reconciled at the end of each month to a list of trusts on hand. A worksheet summarizing the monthly receipts and disbursements for the year should be prepared.

Response – We will continue to try to find the overpayment made over a year ago. We have already started preparing a summary of receipts and disbursements but will work at figuring out a spreadsheet for this.

Conclusion – Response accepted.

- (I) Credit Cards – The County maintains credit cards for use by various employees while on County business. The County has not adopted a formal policy to regulate the use of credit cards and to establish procedures for acquiring new credit cards.

Recommendation – The County should adopt a formal written policy to regulate the use of County credit cards. The policy, at a minimum, should address who controls credit cards, who is authorized to use the credit cards and for what purpose, as well as the procedures for acquiring credit cards.

Response – A formal written policy regulating the authorization and use of credit cards will be adopted. The policy, at a minimum, will address who controls credit cards, who is authorized to use the credit cards and for what purpose, as well as the procedures for acquiring credit cards.

Conclusion – Response accepted.

- (J) Employee Evaluations – Annual employee performance evaluations are not performed.

Recommendation – The County should perform annual employee performance evaluations, as stated in the County’s personnel policy.

Response – A more concerted effort will be made to have employee evaluations occur per the County’s personnel policy. Copies of such evaluations will be placed in the employee’s personnel record kept in the County Auditor’s office.

Conclusion – Response accepted.

Decatur County

Schedule of Findings

Year ended June 30, 2012

- (K) City Law Enforcement Contracts – The County Sheriff has contracts with cities within the County to provide law enforcement services. Each month, the Sheriff's office receives a check from the cities for services which are remitted to the County Treasurer. There is currently no independent tracking of billings, collections and remittances.

Recommendation – Law enforcement contract checks should be mailed directly to the County Treasurer. The County Sheriff or County Auditor should maintain a ledger to document contract law enforcement billings, collections and remittances.

Response – We will have a log made to track when each town pays their contract.

Conclusion – Response accepted.

- (L) Veteran's Affairs Gift Cards – Veteran's Affairs purchases gift cards for volunteer drivers. The department does not maintain adequate records to document the recipients of the gift cards.

Recommendation – A log of gift card purchases and distributions, including signatures of the recipients, should be maintained.

Response – The Veterans Affairs office is moving away from using gift cards. An agreement with this office and the local gas station has been established so it will eliminate the use of gas cards in the future.

Conclusion – Response accepted.

- (M) Timesheets – Department head timesheets are not always approved by the Board of Supervisors. Certain employee timesheets did not include a supervisory signature. Juvenile tracking and Public Health timesheets did not always include the employee's signature.

Recommendation – The County should ensure all timesheets are signed by the employee and are reviewed and approved by the appropriate department supervisor or Board.

Response – Efforts will be made to ensure all timesheets are signed by the employee and are reviewed and approved by the appropriate department supervisor. In addition, all non-elected department heads will submit a signed timesheet to the Board for its review and approval.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Decatur County

Schedule of Findings

Year ended June 30, 2012

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 did not exceed the amounts budgeted by function. However, the Board did not approve a resolution to appropriate the original budget to each department as required by Chapter 331.434(6) of the Code of Iowa. As a result, disbursements in the departments exceeded the budget appropriations.

Recommendation – The Board should appropriate the budget by resolution as required.

Response – Resolutions to approve appropriations from original and amended budgets will be approved as required by Chapter 331.434(6) of the Code of Iowa and recorded timely in the minutes of the Board of Supervisors.

Conclusion – Response accepted.

- (2) Questionable Expenditures – Certain expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

<u>Paid To</u>	<u>Purpose</u>	<u>Amount</u>
From the Ground	Food for seminar	\$ 26

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The County should determine and document the public purpose served by these expenditures prior to authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Response – Closer scrutiny of expenditures like these will be made prior to payment. And, where it is determined the public purpose is served, we will make every effort to ensure the public purpose served is more thoroughly documented on the claim.

Conclusion – Response accepted.

- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Decatur County

Schedule of Findings

Year ended June 30, 2012

- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Gary Boswell, Board of Supervisor Owns Boswell Guns and Ammo	Ammunition	\$ 748
Lori Fulkerson, Deputy Recorder, husband owns M&M Welding	Steel	341
Gene Olsen, Conservation Board Member	Labor	75
Travis Jeanes, Conservation Board Member, Owns Jeanes Excavating and Jeanes Construction	Construction services	1,863
J.R. Cornett, Board of Supervisors, Owns Carquest of Lamoni	Auto repairs and supplies	1,390
Brent Marvin, Sheriff's Reserve Officer, Owns Brent Marvin Masonry,	Construction services	2,515
Rich Erke, Conservation Director, Son owns Midwest Land Restoration	Tree removal	9,108
Mary Andrew, County Treasurer, Son in-law is Randy Pierson	Labor	54

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Jeanes Excavating/Jeanes Construction, Brent Marvin Masonry and Midwest Land Restoration may represent conflicts of interest since the total transactions exceeded \$1,500 during the year.

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

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

Response – The County will consult legal counsel to determine the disposition of this matter.

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.

Decatur County

Schedule of Findings

Year ended June 30, 2012

- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, except as follows:

During the year ended June 30, 2012, the County entered into a bank loan for \$70,000 for remodeling the Public Health building. The loan was signed by the Chairman of the Board of Supervisors but was not approved in Board minutes.

Recommendation – All loan agreements should be approved by resolution of the Board of Supervisors.

Response – Every attempt will be made to approve loan agreements by resolution.

Conclusion – Response accepted.

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

- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2012 for the County Extension Office exceeded the amount budgeted.

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

Response – The County Extension Office is aware of this error and will ensure it does not happen again in the future.

Conclusion – Response accepted.

- (10) Financial Condition – The Special Revenue, County Recorder's Electronic Transaction Fee Fund had a deficit unassigned fund balance of \$6,424 at June 30, 2012.

Recommendation – The County should investigate alternatives to eliminate the deficit fund balance to return the fund to a sound financial position.

Response – The County Auditor's Office is currently looking into this issue and will make adjustments as necessary.

Conclusion – Response accepted.

Decatur County

Schedule of Findings

Year ended June 30, 2012

- (11) Public Health Loan – The County did not hold a public hearing prior to entering into a \$70,000 bank loan for remodeling the Public Health building as required by Chapter 331.479 of the Code of Iowa.

Recommendation – The County should the follow the statutory authorization requirements before entering into non-current debt.

Response – The County will take greater care to follow procedures as prescribed by the Code of Iowa.

Conclusion – Response accepted.

- (12) Debt Service Levy - In March 2010, the County approved a resolution authorizing a debt service levy in accordance with Chapter 331.402 of the Code of Iowa sufficient to pay the principal and interest on a loan, of which the principal amount was not to exceed \$230,000. During the year ended June 30, 2012, the County levied and received property tax and state tax credits of \$283,029 in the Debt Service Fund. Additionally, the County’s fiscal year 2013 budget included property tax for the Debt Service Fund of \$141,772. The total levied for the two years is \$424,801, which exceeds the outstanding principal of \$230,000 by \$194,801.

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

Response – The County has been in contact with bond counsel and is working with them to correct this issue.

Conclusion – Response accepted.

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Decatur County

Staff

This audit was performed by:

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