OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE March 28, 2016

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of $35,316,876 for the year ended June 30, 2015, which includes $2,176,665 in tax credits from the state. The County forwarded $25,305,069 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $10,011,807 of the local tax revenue, including tax increment financing, to finance County operations, a 7.41% decrease from the prior year. Other revenues included charges for service of $2,072,490, operating grants, contributions and restricted interest of $4,712,172, capital grants, contributions and restricted interest of $1,753,709, local option sales and services tax of $1,129,426, gaming wager tax of $433,734, gain on disposition of capital assets of $156,158, unrestricted investment earnings of $51,814 and other general revenues of $152,566.

Expenses for County operations for the year ended June 30, 2015 totaled $16,462,698, a 4.3% decrease from the prior year. Expenses included $6,085,148 for roads and transportation, $4,107,718 for public safety and legal services and $2,102,830 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/1510-0092-B00F.pdf.

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WASHINGTON COUNTY

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

JUNE 30, 2015

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Washington County

Officials

(Before January 2015)

Name	Title	Term Expires
Abe Miller	Board of Supervisors	Jan 2015
Richard Young	Board of Supervisors	Jan 2015
Jack Seward, Jr.	Board of Supervisors	Jan 2017
Stan Stoops	Board of Supervisors	Jan 2017
Bob Yoder	Board of Supervisors	Jan 2017
Dan Widmer	County Auditor	Jan 2017
Jeffrey A. Garrett	County Treasurer	Jan 2015
Jo Greiner	County Recorder	Jan 2015
Jerry A. Dunbar	County Sheriff	Jan 2017
Shawn Showers	County Attorney	Jan 2015
Christy Tinnes	County Assessor	Jan 2016

(After January 2015)

Name	Title	Term Expires
Jack Seward, Jr.	Board of Supervisors	Jan 2017
Stan Stoops	Board of Supervisors	Jan 2017
Bob Yoder	Board of Supervisors	Jan 2017
Abe Miller	Board of Supervisors	Jan 2019
Richard Young	Board of Supervisors	Jan 2019
Dan Widmer	County Auditor	Jan 2017
Jeffrey A. Garrett	County Treasurer	Jan 2019
Jo Greiner	County Recorder	Jan 2019
Jerry A. Dunbar	County Sheriff	Jan 2017
Shawn Showers	County Attorney	Jan 2019
Christy Tinnes	County Assessor	Jan 2016

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Officials of Washington County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Washington County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Washington County as of June 30, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 17, Washington County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 58 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2016 on our consideration of Washington County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Washington County's internal control over financial reporting and compliance.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins
WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 3, 2016

Washington County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Washington 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, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by $4,016,977 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.

- Revenues of the County's governmental activities decreased 5.7%, or approximately $1,241,000, from fiscal year 2014 to fiscal year 2015. Property and other County tax decreased approximately $932,000, charges for service increased approximately $8,000, operating grants, contributions and restricted interest decreased approximately $294,000 and capital grants, contributions and restricted interest decreased approximately $216,000.

- Program expenses decreased 4.3%, or approximately $742,000, in fiscal year 2015 from fiscal year 2014.

- The County's net position at June 30, 2015 increased 6.9%, or approximately $4,011,000, over the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Washington 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 Washington County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Washington 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, the County's proportionate share of the net pension liability and related contributions, 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 Internal Service and Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

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

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads and City of Riverside Tax Increment Financing, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) Proprietary funds account for the County's Internal Service, Employee Group Health and Flexible Benefits Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the Public Safety Commission, E911 Services, Emergency Management Services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

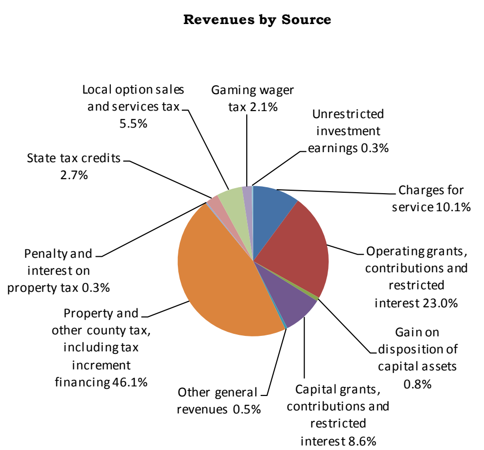
As noted earlier, net position may serve over time as a useful indicator of financial position. Washington County's combined net position decreased approximately $6,000 from a year ago, decreasing from approximately $62,011,000 to approximately $62,005,000. The analysis that follows focuses on the change in the net position of governmental activities.

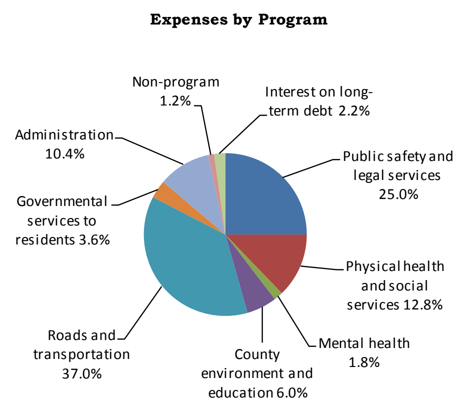
Net Position of Governmental Activities
(Expressed in Thousands)

	June 30, 2015	June 30, 2014 (Not Restated)
Current and other assets	$ 20,916	23,409
Capital assets	63,504	62,656
Total assets	84,420	86,065
Deferred outflows of resources	758	-
Long-term liabilities	933	864
Other liabilities	11,523	13,616
Total liabilities	12,456	14,480
Deferred inflows of resources	10,717	9,574
Net position:		
Net investment in capital assets	55,154	53,486
Restricted	6,532	6,109
Unrestricted	319	2,416
Total net position	$ 62,005	62,011

Prior to restatement, the net position of Washington County's governmental activities decreased less than 1%. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Net position invested in capital assets increased approximately $1,668,000. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position decreased approximately $424,000, or 6.9%, from June 30, 2014 to June 30, 2015. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased from approximately $2.4 million at June 30, 2014 to approximately $319,000 at the end of this year, a decrease of $86.8%, primarily due to recording the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities (Expressed in Thousands)			
	Year ended June 30,		
		2015	2014 (Not Restated)
Revenues:			
Program revenues:			
Charges for service	$	2,072	2,064
Operating grants, contributions and restricted interest		4,712	5,006
Capital grants, contributions and restricted interest		1,754	1,970
General revenues:			
Property and other county tax, including tax increment financing		9,468	10,400
Penalty and interest on property tax		54	71
State tax credits		544	414
Local option sales and services tax		1,129	1,115
Gaming wager tax		434	438
Unrestricted investment earnings		52	44
Gain on disposition of capital assets		156	112
Other general revenues		99	81
Total revenues		20,474	21,715
Program expenses:			
Public safety and legal services		4,108	4,138
Physical health and social services		2,103	2,283
Mental health		304	329
County environment and education		993	1,077
Roads and transportation		6,085	6,171
Governmental services to residents		592	626
Administration		1,720	1,774
Non-program		201	325
Interest on long-term debt		357	482
Total expenses		16,463	17,205
Change in net position		4,011	4,510
Net position beginning of year, as restated		57,994	57,501
Net position end of year	$	62,005	62,011





Revenues for governmental activities decreased approximately $1,241,000 from the prior year. Property and other county tax revenue decreased approximately $932,000, or 9.0%, from the prior year. Operating grants, contributions and restricted interest decreased approximately $294,000, or 5.9%, from the prior year. Capital grants, contributions and restricted interest decreased approximately $216,000, or 11.0%, from the prior year, primarily due to the County receiving less farm to market funds this year than during the prior year.

The County decreased property tax rates $0.01130 per $1,000 of taxable valuation for the rural levy and $0.39245 per $1,000 of taxable valuation for the countywide levy. The rural property valuation increased $8,272,848 and the countywide property valuation increased $44,646,234.

The cost of all governmental activities this year was approximately $16.5 million compared to approximately $17.2 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities this year was approximately $7.9 million because some of the cost was paid by those directly benefiting from the programs (approximately $2.1 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $6.5 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2015 from approximately $9,040,000 to approximately $8,538,000, principally due to a decrease in operating and capital grants, contributions and restricted interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Washington County completed the year, its governmental funds reported a combined fund balance of approximately $9.5 million, a decrease of approximately $2.3 million from last year's total fund balance of approximately $11.8 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance decreased approximately $200,000, or 5.0%, from the prior year to approximately $4.0 million. Revenues decreased approximately $140,000. Expenditures increased approximately $268,000 from fiscal year 2014, primarily due to the increase in ambulance service expenditures in the public safety function.

- The Special Revenue, Mental Health Fund balance increased approximately $173,000, or 18%, from the prior year to approximately $1,160,000. Revenues for the year decreased approximately $261,000, primarily due to a decrease in intergovernmental equalization grants.

- The Special Revenue, Rural Services Fund balance increased approximately $166,000, or 33%, from approximately $501,000 at the end of fiscal year 2014 to approximately $667,000 at the end of fiscal year 2015. Revenue increased approximately $38,000, due primarily to business commercial tax credits received. Expenditures increased approximately $56,000, primarily due to an increase in the quarterly contributions to the Public Safety Commission.

- Special Revenue, Secondary Roads Fund expenditures decreased approximately $464,800 and revenues increased approximately $366,600 over the prior year. The Secondary Roads Fund ending fund balance increased approximately $447,000, or 18%, from the prior year to approximately $2,920,000. Expenditures decreased due to various roadway construction projects completed in fiscal year 2014. Revenues increased due to an increase in the fuel tax in February 2015.

- The Special Revenue, City of Riverside Tax Increment Financing Fund revenues consists primarily of tax increment financing revenue. These funds were used to retire debt, including interest, on the Riverside infrastructure projects. The debt has been repaid as of June 30, 2015.

- The Debt Service Fund ended the fiscal year with a fund balance of approximately $64,000 compared to the prior year fund balance of approximately $3.1 million. The decrease was due to scheduled debt service payments and paying the Series 2006B bonds called on June 1, 2015.

- The Capital Projects Fund ended fiscal year 2015 with a fund balance of approximately $418,000 compared to the prior year fund balance of approximately $381,000.

Budgetary Highlights

Over the course of the year, Washington County amended its budget two times. The amendment in January 2015 was done primarily to increase budgeted intergovernmental receipts for additional property tax due to excess TIF revenue returned by the City of Riverside.

The second amendment occurred in May 2015. The increase was primarily to decrease budgeted intergovernmental receipts. The County increased its budget for public safety and legal services function disbursements due to an increase in legal services costs.

Actual net receipts for fiscal year 2015 were $18,247,372, which was $280,640 more than budgeted.

Actual net disbursements for the year were $20,852,781, which was $3,270,363 less than the amount budgeted for disbursements. Public safety and legal services, physical health and social services, mental health, roads and transportation and capital projects function disbursements were significantly less than budgeted for fiscal year 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Washington County had approximately $63.5 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges, computers and audio-visual equipment, transportation equipment and administrative offices. This is a net increase of approximately $848,000 over June 30, 2014.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)			
		June 30,	
		2015	2014
Land	$	821	821
Intangibles, road network		3,061	3,061
Construction in progress		586	2,430
Buildings		11,800	7,508
Improvements other than buildings		147	123
Equipment and vehicles		9,276	2,853
Intangibles		91	85
Infrastructure		37,722	45,775
Total	$	63,504	62,656

The County's fiscal year 2015 budget included $1,226,346 for capital projects, principally for Secondary Roads construction projects, of which $704,883 was unspent. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Washington County had depreciation/amortization expense of $2,096,697 in fiscal year 2015 and total accumulated depreciation/amortization of $24,762,950 at June 30, 2015.

Long-Term Debt

At June 30, 2015, Washington County had $8,350,000 of general obligation bonds outstanding compared to $13,138,328 of long-term debt outstanding at the end of fiscal year 2014.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)			
		June 30,	
		2015	2014
General obligation bonds	$	3,145	6,300
General obligation county road improvement bonds		5,205	6,015
Urban renewal tax increment (TIF) revenue bonds		-	823
Total	$	8,350	13,138

The County has not had a general obligation bond rating assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Washington County's outstanding general obligation debt is significantly below its constitutional debt limit of $88,477,025. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Washington County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Washington County's unemployment rate has not changed this past year. Unemployment in the County stands at 2.8%, compared with the State's unemployment rate of 3.7% and the national rate of 5.3% for the same period ended June 30, 2015.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are approximately $26.8 million, a decrease of 0.67% from the fiscal year 2015 final budget.

Budgeted receipts are expected to decrease approximately $566,000 while budgeted disbursements are expected to decrease approximately $72,000 from the fiscal year 2015 final budget. If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately $180,000 by the close of fiscal year 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Washington 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 Washington County Auditor's Office, 222 West Main Street, PO Box 889, Washington, Iowa 52353.

Basic Financial Statements

Washington County

Statement of Net Position

June 30, 2015

		Governmental Activities
Assets		
Cash, cash equivalents and pooled investments	$	10,251,473
Receivables:		
Property tax:		
Delinquent		1,797
Succeeding year		9,002,000
Interest and penalty on property tax		512
Accounts		209,132
Accrued interest		1,317
Due from other governments		1,129,875
Inventories		207,973
Prepaid expense		112,185
Capital assets, net of accumulated depreciation/amortization		63,503,791
Total assets		84,420,055
Deferred Outflows of Resources		
Pension related deferred outflows		757,761
Liabilities		
Accounts payable		520,929
Accrued interest payable		16,122
Salaries and benefits payable		370,179
Due to other governments		24,892
Long-term liabilities:		
Portion due or payable within one year:		
General obligation bonds		1,080,000
Compensated absences		264,740
Portion due or payable after one year:		
General obligation bonds		7,270,000
Compensated absences		79,495
Net pension liability		2,667,419
Net OPEB liability		161,539
Total liabilities		12,455,315
Deferred Inflows of Resources		
Unavailable property tax revenue		9,002,000
Pension related deferred inflows		1,715,100
Total deferred inflows of resources		10,717,100
Net Position		
Net investment in capital assets		55,153,791
Restricted for:		
Supplemental levy purposes		1,198,009
Mental health purposes		1,151,253
Rural services purposes		667,408
Secondary roads purposes		2,803,617
Capital projects		418,421
Other purposes		294,048
Unrestricted		318,854
Total net position	$	62,005,401

See notes to financial statements.

Washington County

Statement of Activities

Year ended June 30, 2015

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 4,107,718	515,298	40,843	-	(3,551,577)
Physical health and social services	2,102,830	368,739	1,115,846	-	(618,245)
Mental health	303,797	16,300	132,024	-	(155,473)
County environment and education	992,730	83,308	16,980	-	(892,442)
Roads and transportation	6,085,148	210,976	3,338,892	1,753,709	(781,571)
Governmental services to residents	591,798	401,876	1,839	-	(188,083)
Administration	1,720,018	292,076	43,000	-	(1,384,942)
Non-program	201,406	183,917	22,748	-	5,259
Interest on long-term debt	357,253	-	-	-	(357,253)
Total	$ 16,462,698	2,072,490	4,712,172	1,753,709	(7,924,327)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,790,326
Debt service					767,376
Tax increment financing					910,267
Penalty and interest on property tax					53,820
State tax credits					543,838
Local option sales and services tax					1,129,426
Gaming wager tax					433,734
Unrestricted investment earnings					51,814
Gain on disposition of capital assets					156,158
Miscellaneous					98,746
Total general revenues					11,935,505
Change in net position					4,011,178
Net position beginning of year, as restated					57,994,223
Net position end of year					$ 62,005,401

See notes to financial statements.

Washington County

Balance Sheet
Governmental Funds

June 30, 2015

	General	Special Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 4,012,857	1,163,582	504,911
Receivables:			
Property tax:			
Delinquent	1,241	72	318
Succeeding year	5,911,000	360,000	2,005,000
Interest and penalty on property tax	512	-	-
Accounts	187,444	16,000	20
Accrued interest	1,317	-	-
Due from other funds	-	-	-
Due from other governments	162,998	27,635	183,936
Inventories	-	-	-
Prepaid expenditures	112,185	-	-
Total assets	$ 10,389,554	1,567,289	2,694,185
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 159,036	41,006	16,745
Salaries and benefits payable	281,657	4,697	5,032
Due to other funds	3,847	19	-
Due to other governments	21,650	1,475	-
Total liabilities	466,190	47,197	21,777
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,911,000	360,000	2,005,000
Other	624	34	285
Total deferred inflows of resources	5,911,624	360,034	2,005,285
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	112,185	-	-
Restricted for:			
Supplemental levy purposes	1,230,414	-	-
Mental health purposes	-	1,160,058	-
Rural services purposes	-	-	667,123
Secondary roads purposes	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Resource enhancement and protection	-	-	-
Other purposes	367,000	-	-
Unassigned	2,302,141	-	-
Total fund balances	4,011,740	1,160,058	667,123
Total liabilities, deferred inflows of resources and fund balances	$ 10,389,554	1,567,289	2,694,185

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
2,185,157	64,388	418,421	242,072	8,591,388
-	166	-	-	1,797
-	726,000	-	-	9,002,000
-	-	-	-	512
5,668	-	-	-	209,132
-	-	-	-	1,317
3,866	-	-	-	3,866
751,762	-	-	3,544	1,129,875
207,973	-	-	-	207,973
-	-	-	-	112,185
3,154,426	790,554	418,421	245,616	19,260,045
153,872	-	-	-	370,659
78,793	-	-	-	370,179
-	-	-	-	3,866
1,767	-	-	-	24,892
234,432	-	-	-	769,596
-	726,000	-	-	9,002,000
-	92	-	-	1,035
-	726,092	-	-	9,003,035
207,973	-	-	-	207,973
-	-	-	-	112,185
-	-	-	-	1,230,414
-	-	-	-	1,160,058
-	-	-	-	667,123
2,712,021	-	-	-	2,712,021
-	64,462	-	-	64,462
-	-	418,421	-	418,421
-	-	-	130,952	130,952
-	-	-	114,664	481,664
-	-	-	-	2,302,141
2,919,994	64,462	418,421	245,616	9,487,414
3,154,426	790,554	418,421	245,616	19,260,045

Washington County

Washington County

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

June 30, 2015

Total governmental fund balances (page 21)		$ 9,487,414
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $88,266,741 and the accumulated depreciation/amortization is $24,762,950.		63,503,791
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		1,035
The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and flexible benefits plan to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.		1,509,815
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 757,761	
Deferred inflows of resources	(1,715,100)	(957,339)
Long-term liabilities, including general obligation bonds payable, compensated absences payable, net pension liability, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(11,539,315)
Net position of governmental activities (page 18)		$62,005,401

See notes to financial statements.

Washington County

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

Year ended June 30, 2015

		Special		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 5,869,096	314,030	2,042,542	-
Tax increment financing	-	-	-	-
Local option sales and services tax	-	-	1,129,426	-
Interest and penalty on property tax	53,820	-	-	-
Intergovernmental	2,215,955	153,314	103,519	3,559,583
Licenses and permits	57,515	-	-	15,947
Charges for service	705,444	16,300	1,035	1,301
Use of money and property	47,572	-	-	-
Miscellaneous	158,646	-	-	193,728
Total revenues	9,108,048	483,644	3,276,522	3,770,559
Expenditures:				
Operating:				
Public safety and legal services	4,031,813	-	276,305	-
Physical health and social services	2,222,115	-	-	-
Mental health	-	310,473	-	-
County environment and education	538,578	-	412,045	-
Roads and transportation	-		208,571	4,857,230
Governmental services to residents	604,205	-	2,754	-
Administration	1,679,024	-	-	-
Non-program	51,812	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	386,974
Total expenditures	9,127,547	310,473	899,675	5,244,204
Excess (deficiency) of revenues over (under) expenditures	(19,499)	173,171	2,376,847	(1,473,645)
Other financing sources (uses):				
Transfers in	-	-	-	1,920,849
Transfers out	(180,517)	-	(2,210,332)	-
Total other financing sources (uses)	(180,517)	-	(2,210,332)	1,920,849
Change in fund balances	(200,016)	173,171	166,515	447,204
Fund balances beginning of year	4,211,756	986,887	500,608	2,472,790
Fund balances end of year	$ 4,011,740	1,160,058	667,123	2,919,994

See notes to financial statements.

Revenue City of Riverside Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
-	767,686	-	-	8,993,354
910,267	-	-	-	910,267
-	-	-	-	1,129,426
-	-	-	-	53,820
358	50,170	-	18,364	6,101,263
-	-	-	-	73,462
-	-	54,607	4,367	783,054
-	13,408	115,867	13,920	190,767
-	-	12,959	92	365,425
910,625	831,264	183,433	36,743	18,600,838
-	-	-	9,480	4,317,598
-	-	-	-	2,222,115
-	-	-	-	310,473
1,171	-	-	2,506	954,300
-	-	-	-	5,065,801
-	-	-	2,781	609,740
-	-	-	-	1,679,024
-	-	-	-	51,812
846,353	4,310,639	-	-	5,156,992
-	-	156,476	-	543,450
847,524	4,310,639	156,476	14,767	20,911,305
63,101	(3,479,375)	26,957	21,976	(2,310,467)
-	460,000	10,000	-	2,390,849
-	-	-	-	(2,390,849)
-	460,000	10,000	-	-
63,101	(3,019,375)	36,957	21,976	(2,310,467)
(63,101)	3,083,837	381,464	223,640	11,797,881
-	64,462	418,421	245,616	9,487,414

Washington County

Washington County

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

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25)		$ (2,310,467)
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/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:		
Expenditures for capital assets	$ 1,255,692	
Capital assets contributed by the Iowa Department of Transportation	1,532,542	
Depreciation/amortization expense	(2,096,697)	691,537
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.		156,158
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds.		(1,918)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		4,788,328
The current year County's share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as deferred outflows of resources in the Statement of Net Position.		599,798
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	(801)	
Other postemployment benefits	(27,350)	
Pension expense	(207,579)	
Interest on long-term debt	11,411	(224,319)
The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and flexible benefits plan to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities.		312,061
Change in net position of governmental activities (page 19)		$ 4,011,178

See notes to financial statements.

Washington County

Statement of Net Position
Proprietary Funds

June 30, 2015

	Internal Service
Assets	
Cash and cash equivalents	$ 1,660,085
Liabilities	
Accounts payable	150,270
Net Position	
Unrestricted	$ 1,509,815

See notes to financial statements.

Washington County

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

Year ended June 30, 2015

		Internal Service
Operating revenues:		
Reimbursements from operating funds		$ 1,087,066
Reimbursements from employees and others		15,064
Reimbursements from Agency Funds		132,042
Stop loss reimbursements		3,002
Contributions for flexible benefits		33,809
Total operating revenues		1,270,983
Operating expenses:		
Medical claims	$ 643,689	
Administrative fees	285,994	
Flexible benefits claims	31,578	961,261
Operating income		309,722
Non-operating revenues:		
Interest income		2,339
Net income		312,061
Net position beginning of year		1,197,754
Net position end of year		$ 1,509,815

See notes to financial statements.

Washington County

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2015

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds	$ 1,087,066
Cash received from employees and others	51,875
Cash received from Agency Funds	132,042
Cash paid to suppliers for services	(961,261)
Net cash provided by operating activities	309,722
Cash flows from investing activities:	
Interest on investments	2,339
Increase in cash and cash equivalents	312,061
Cash and cash equivalents beginning of year	1,348,024
Cash and cash equivalents end of year	$ 1,660,085
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities:	$ 309,722

See notes to financial statements.

Washington County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets		
Cash, cash equivalents and pooled investments:		
County Treasurer	$	1,941,563
Other County officials		101,720
Receivables:		
Property tax:		
Delinquent		5,466
Succeeding year		24,143,000
Accounts		29,066
Due from other governments		72,847
Total assets		26,293,662
Liabilities		
Accounts payable		38,650
Salaries and benefits payable		51,253
Due to other governments		26,098,472
Trust payable		61,977
Compensated absences		43,310
Total liabilities		26,293,662
Net position	$	-

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County.

The Washington County Conservation Foundation (Foundation) has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Washington County Conservation Board. These donations are to be used to purchase items not included in the County's budget and to pay for special projects. The financial transactions of the Foundation are reported as a Special Revenue Fund.

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: County Assessor's Conference Board, County Emergency Management Commission, County Public Safety Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Washington County Public Safety Commission, East Central Iowa Council of Governments, Washington County Recycling Center, Heartland Group, South Iowa Case Management, Washington County Mini Bus, Southeast Multi-County Solid Waste Agency and Regional Utility Service Systems.

Related Organization – Although the County periodically provides significant financial assistance, primarily through the purchase of ambulances, the County does not appoint a voting majority of Washington County Ambulance, Inc. Board members. Therefore, the financial activity of Washington County Ambulance, Inc. is not included in the reporting entity.

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restated net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The City of Riverside Tax Increment Financing Fund is used to account for tax increment financing revenue for the payment of debt incurred for urban renewal projects.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair.

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

Property Tax Receivable, Including Tax Increment Financing – Property tax, including tax increment financing, 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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.

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, 2015, balances of interfund amounts receivable or payable have been 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 land, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and comp time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measureable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015 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 ensure there will be no loss of public funds.

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Mental Health	$ 19
	General	3,847
Total		$ 3,866

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.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Capital Projects	General	$ 10,000
Special Revenue:		
Secondary Roads	General	170,517
	Special Revenue:	
	Rural Services	1,750,332
Debt Service	Special Revenue:	
	Rural Services	460,000
Total		$ 2,390,849

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, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 821,024	-	-	821,024
Intangibles, road network	3,060,717	-	-	3,060,717
Construction in progress	2,430,108	1,852,216	(3,696,583)	585,741
Total capital assets not being depreciated/amortized	6,311,849	1,852,216	(3,696,583)	4,467,482
Capital assets being depreciated/amortized:				
Buildings	11,799,960	-	-	11,799,960
Improvements other than buildings	147,008	-	-	147,008
Equipment and vehicles	8,649,349	1,099,426	(472,297)	9,276,478
Intangibles	90,620	-	-	90,620
Infrastructure, road network	58,788,610	3,696,583	-	62,485,193
Total capital assets being depreciated/amortized	79,475,547	4,796,009	(472,297)	83,799,259
Less accumulated depreciation/amortization for:				
Buildings	4,292,236	225,647	-	4,517,883
Improvements other than buildings	23,976	6,368	-	30,344
Equipment and vehicles	5,795,764	667,197	(465,047)	5,997,914
Intangibles	6,041	6,041	-	12,082
Infrastructure, road network	13,013,283	1,191,444	-	14,204,727
Total accumulated depreciation/amortization	23,131,300	2,096,697	(465,047)	24,762,950
Total capital assets being depreciated/amortized, net	56,344,247	2,699,312	(7,250)	59,036,309
Governmental activities capital assets, net	$ 62,656,096	4,551,528	(3,703,833)	63,503,791

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 274,511
Physical health and social services	13,134
County environment and education	52,392
Roads and transportation	1,635,292
Governmental services to residents	16,391
Administration	104,977
Total depreciation/amortization expense - governmental activities	$ 2,096,697

(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, 2015 is as follows:

Fund	Description	Amount
General	Services	$ 21,650
Special Revenue:		
Mental Health	Services	1,475
Secondary Roads	Services	1,767
		3,242
Total for governmental funds		$ 24,892
Agency:		
County Offices	Collections	$ 40,070
Agricultural Extension Education		221,407
County Assessor		760,549
Schools		15,024,975
Community Colleges		1,091,578
Corporations		6,140,502
Townships		382,443
Public Safety Commission		62,470
Auto License and Use Tax		566,795
All other		1,807,683
Total for agency funds		$ 26,098,472

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	General Obligation Bonds	General Obligation County Road Improvement Bonds	Urban Renewal Tax Increment Revenue Bond	Compen-sated Absences	Net Pension Liability	Other Post-employment Benefits	Total
Balance beginning of year, as restated	$ 6,300,000	6,015,000	823,328	343,434	4,602,476	134,189	18,218,427
Increases	-	-	-	401,295	-	36,957	438,252
Decreases	3,155,000	810,000	823,328	400,494	1,935,057	9,607	7,133,486
Balance end of year	$ 3,145,000	5,205,000	-	344,235	2,667,419	161,539	11,523,193
Due within one year	$ 260,000	820,000	-	264,740	-	-	1,344,740

General Obligation Bonds

A summary of the County's June 30, 2015 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2012A Refunding Bonds Issued February 15, 2012 Interest Rates	Principal	Interest	Total
2016	2.00%	$ 260,000	67,528	327,528
2017	2.00	265,000	62,328	327,328
2018	2.00	270,000	57,028	327,028
2019	2.00	275,000	51,628	326,628
2020	2.00	280,000	46,128	326,128
2021-2025	2.00-2.45	1,480,000	142,852	1,622,852
2026	2.60	315,000	8,190	323,190
		$ 3,145,000	435,682	3,580,682

On February 15, 2012, the County issued crossover advance refunding general obligation bonds of $3,145,000 to refund the remaining balance of the Series 2006B general obligation bonds originally issued to construct the jail. The bonds bear interest at rates ranging from 2.00% to 2.60% per annum and mature June 1, 2026.

For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. On the crossover date of June 1, 2015, the remaining $3,155,000 of the refunded Series 2006B general obligation bonds were redeemed using the amounts held by the escrow agent.

General Obligation County Road Improvement Bonds

A summary of the County's June 30, 2015 general obligation county road improvement bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.000%	$ 820,000	121,838	941,838
2017	2.125	835,000	105,388	940,388
2018	2.375	855,000	87,531	942,531
2019	2.625	875,000	67,372	942,372
2020	2.750	895,000	44,816	939,816
2021-2025	2.750-3.000	925,000	20,275	945,275
Total		$ 5,205,000	447,220	5,652,220

During the year ended June 30, 2015, the County retired $810,000 of general obligation county road improvement bonds.

Urban Renewal Tax Increment Revenue Bond

On April 3, 2006, the County issued a $9,400,000 urban renewal tax increment revenue bond on behalf of the City of Riverside. The bond bore interest at 5.95% per annum with final maturity of June 1, 2017. During the year ended June 30, 2015, the County retired the remaining balance of $823,328 of the urban renewal tax increment revenue bond.

(8) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1%. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were $599,798.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of $2,667,419 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.067259%, which was a decrease of 0.012900% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $207,578. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,078	52,317
Changes of assumptions	126,201	46,763
Net difference between projected and actual earnings on pension plan investments	-	1,581,699
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	684	34,321
County contributions subsequent to the measurement date	599,798	-
Total	$ 757,761	1,715,100

$599,798 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	$ (389,686)
2017	(389,686)
2018	(389,686)
2019	(389,686)
2020	1,607
Total	$ (1,557,137)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)	$ 6,263,333	$2,667,419	$ (364,302)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2015, the County reported payables to IPERS of $22,416 for legally required County contributions and $14,547 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 133 active and 2 retired members in the plan. Retired participants must be age 55 or age 50 with twenty-two years of service at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	$ 36,922
Interest on net OPEB obligation	5,368
Adjustment to annual required contributions	(5,333)
Annual OPEB cost	36,957
Contribution made	(9,607)
Increase in net OPEB obligation	27,350
Net OPEB obligation beginning of year	134,189
Net OPEB obligation end of year	$161,539

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed $9,607 to the medical plan. Plan members eligible for benefits contributed $15,064, or 61% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 33,027	24.4%	$109,048
2014	33,206	24.3	134,189
2015	36,957	26.0	161,539

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was approximately $284,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $284,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $6,562,000 and the ratio of UAAL to covered payroll was 4.3%. As of June 30, 2015, there were no trust fund assets.

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

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

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

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Combined Mortality Table projected to 2010 using Scale AA, applied on a gender-specific basis.

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 Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were $165,983.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the county's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of 1,000,000 and $100,000, respectively. The county assumes liability for nay 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) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2015 was $1,087,066.

Amounts payable from the Employee Group Health Fund at June 30, 2015 total $150,270, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was $1,497,036 at June 30, 2015 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	$ 150,270
Incurred claims (including claims incurred but not reported at June 30, 2015)	643,689
Payments	(643,689)
Unpaid claims end of year	$ 150,270

(12) County Hospital Revenue Bonds

On July 1, 1997 and April 11, 2006, the County entered into loan agreements pursuant to Chapter 331.402(3) of the Code of Iowa and issued $5,200,000 and $18,500,000, respectively, of Hospital Revenue Bonds for constructing, remodeling and expanding the Washington County Hospital. The bonds and related interest are payable solely out of the net earnings of the Washington County Hospital and do not constitute liabilities of the County. The outstanding balance on the bonds at June 30, 2015 was $17,245,000.

(13) Jointly Governed Organization

Washington County participates in the Washington County Public Safety Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the organization.

The following financial data is for the year ended June 30, 2015:

Additions:		
Contributions from governmental units:		
Washington County	$ 275,063	
City of Washington	243,322	
Other cities	179,212	$ 697,597
Reimbursement from Joint E-911 Service Board		20,000
Miscellaneous		8,573
Total additions		726,170
Deductions:		
Salaries	489,198	
Benefits	157,174	
Office supplies and postage	2,763	
Uniforms	1,423	
Travel	10,426	
Telephone and fax services	13,335	
Training	2,612	
Tort liability insurance	4,301	
Professional services	26,198	
Equipment maintenance	14,884	
Radio equipment maintenance	10,866	
Utilities	12,939	
Miscellaneous	2,509	748,628
Net		(22,458)
Balance beginning of year		152,336
Balance end of year		$ 129,878

(14) Early Childhood Iowa Area Board

The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2015 is as follows:

	Early Childhood	School Ready	Total
Additions:			
State of Iowa grants:			
Early childhood	$ 61,474	-	61,474
Family support and parent education	-	196,918	196,918
Preschool support for low-income families	-	86,461	86,461
Quality improvement	-	46,105	46,105
Allocation for administration	-	10,830	10,830
Other grant programs	-	21,060	21,060
Interest income	71	153	224
Total additions	61,545	361,527	423,072
Deductions:			
Program services:			
Early childhood	56,732	-	56,732
Family support and parent education	-	196,918	196,918
Preschool support for low income families	-	85,794	85,794
Quality improvement	-	48,252	48,252
Other program services	-	21,247	21,247
Total program services	56,732	352,211	408,943
Administration	3,074	10,830	13,904
Total deductions	59,806	363,041	422,847
Change in fund balance	1,739	(1,514)	225
Fund balance beginning of year	6,766	10,440	17,206
Fund balance end of year	$ 8,505	8,926	17,431

(15) Washington County Financial Information Included in the Southeast Iowa Link Mental Health Region

Southwest Iowa Link Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Henry County, Jefferson County, Keokuk County, Lee County, Louisa County, Van Buren County and Washington County. The financial activity of Washington County's Special Revenue, Mental Health Fund is included in the Washington County Mental Health region for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		$ 314,030
Intergovernmental:		
State tax credits	$ 21,290	
Social services block grant	97,605	
Other	34,419	153,314
Charges for services		16,300
Total revenues		483,644
Expenditures:		
Services to persons with:		
Mental illness	173,852	
Intellectual disabilities	1,872	175,724
General administration:		
Direct administration	112,835	
Distribution to regional fiscal agent	21,914	134,749
Total expenditures		310,473
Excess of revenues over expenditures		173,171
Fund balance beginning of year		986,887
Fund balance end of year		$ 1,160,058

(16) Subsequent Events

On December 1, 2015 and on January 20, 2016, the Board of Supervisors authorized loan agreements and other documents providing for the sale of $9,975,000 and $4,925,000, respectively, of general obligation urban renewal hospital bonds, series 2015 and 2016. The County also signed a note agreement with the Washington County Hospital whereby the Hospital has agreed to pay the County an amount equal to the debt service requirements on the bonds each year.

(17) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities
Net position June 30, 2014, as previously reported	$ 62,011,200
Net pension liability at June 30, 2014	(4,602,476)
Deferred outflows of resources related to prior year contibutions made after the June 30, 2013 measurement date	585,499
Net position July 1, 2014, as restated	$ 57,994,223

Washington County

Required Supplementary Information

Washington 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, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 11,025,217	-	11,025,217
Interest and penalty on property tax	55,502	-	55,502
Intergovernmental	5,782,333	-	5,782,333
Licenses and permits	73,630	-	73,630
Charges for service	735,265	-	735,265
Use of money and property	178,100	1	178,099
Miscellaneous	397,326	-	397,326
Total receipts	18,247,373	1	18,247,372
Disbursements:			
Public safety and legal services	4,304,197	-	4,304,197
Physical health and social services	2,180,116	-	2,180,116
Mental health	278,969	-	278,969
County environment and education	951,598	2,506	949,092
Roads and transportation	5,108,961	-	5,108,961
Governmental services to residents	605,089	-	605,089
Administration	1,655,685	-	1,655,685
Non-program	92,216	-	92,216
Debt service	5,156,993	-	5,156,993
Capital projects	521,463	-	521,463
Total disbursements	20,855,287	2,506	20,852,781
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,607,914)	(2,505)	(2,605,409)
Other financing sources, net	6,029	-	6,029
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,601,885)	(2,505)	(2,599,380)
Balance beginning of year	11,193,273	2,505	11,190,768
Balance end of year	$ 8,591,388	-	8,591,388

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
10,925,726	10,925,726	99,491
70,100	70,100	(14,598)
5,450,764	5,575,526	206,807
53,550	53,550	20,080
714,651	714,651	20,614
134,403	172,903	5,196
375,900	454,276	(56,950)
17,725,094	17,966,732	280,640
4,620,762	4,829,282	525,085
2,484,406	2,443,821	263,705
781,141	781,141	502,172
943,809	985,606	36,514
5,705,090	5,835,090	726,129
703,395	703,395	98,306
2,026,746	2,041,246	385,561
55,000	115,804	23,588
2,229,913	5,161,413	4,420
1,203,946	1,226,346	704,883
20,754,208	24,123,144	3,270,363
(3,029,114)	(6,156,412)	3,551,003
1,000	7,014	(985)
(3,028,114)	(6,149,398)	3,550,018
6,642,233	11,189,917	851
3,614,119	5,040,519	3,550,869

Washington County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 18,247,373	353,465	18,600,838
Expenditures	20,855,287	56,018	20,911,305
Net	(2,607,914)	297,447	(2,310,467)
Other financing sources (uses), net	6,029	(6,029)	-
Beginning fund balances	11,193,273	604,608	11,797,881
Ending fund balances	$ 8,591,388	896,026	9,487,414

See accompanying independent auditor's report.

Washington County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $3,368,936. 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, 2015, disbursements did not exceed the amounts budgeted.

Washington County

Washington County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	2015
County's collective proportion of the net pension liability (asset)	0.067259%
County's collective proportionate share of the net pension liability (asset)	$ 2,667
County's covered-employee payroll	$ 6,363
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	41.91%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Washington County

Schedule of County Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contribution	$ 600	585	561	525
Contributions in relation to the statutorily required contribution	(600)	(585)	(561)	(525)
Contribution deficiency (excess)	$ -	-	-	-
County's covered-employee payroll	$ 6,511	6,363	6,218	6,151
Contributions as a percentage of covered-employee payroll	9.22%	9.20%	9.02%	8.54%

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
465	429	379	337	304	282
(465)	(429)	(379)	(337)	(304)	(282)
-	-	-	-	-	-
6,165	6,068	5,605	5,300	4,888	4,588
7.54%	7.07%	6.76%	6.36%	6.22%	6.15%

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75 % per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

Washington 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)
2009	Jul 1, 2008	-	$ 205	205	0.0%	$ 5,892	3.1%
2010	Jul 1, 2008	-	205	205	0.0	6,172	3.3
2011	Jul 1, 2008	-	205	205	0.0	6,261	3.3
2012	Jul 1, 2011	-	247	247	0.0	6,263	3.3
2013	Jul 1, 2011	-	247	247	0.0	6,295	3.9
2014	Jul 1, 2011	-	247	247	0.0	6,432	3.8
2015	Jul 1, 2014	-	284	284	0.0	6,562	4.3

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

See accompanying independent auditor’s report.

Supplementary Information

Washington County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

		County Recorder's Records Management	Resource Enhance-ment and Protection	Law Enforcement County Attorney
Assets				
Cash, cash equivalents and pooled investments	$	33,096	130,952	5,042
Due from other governments		460	-	-
Total assets	$	33,556	130,952	5,042
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$	-	-	-
Fund balances:				
Restricted for:				
Resource enhancement and protection		-	130,952	-
Other purposes		33,556	-	5,042
Total fund balances		33,556	130,952	5,042
Total liabilities and fund balances	$	33,556	130,952	5,042

See accompanying independent auditor's report.

Special Revenue			
Law Enforcement County Sheriff	Supplemental Environmental Projects	Delinquent Fines	Total
18,750	1,558	52,674	242,072
1,960	-	1,124	3,544
20,710	1,558	53,798	245,616
-	-	-	-
-	-	-	130,952
20,710	1,558	53,798	114,664
20,710	1,558	53,798	245,616
20,710	1,558	53,798	245,616

Washington County

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

Year ended June 30, 2015

	County Recorder's Records Management	Resource Enhance-ment and Protection	Law Enforcement County Attorney
Revenues:			
Intergovernmental	$ -	16,404	-
Charges for service	4,367	-	-
Use of money and property	73	283	-
Miscellaneous	-	-	-
Total revenues	4,440	16,687	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	8,370
County environment and education	-	-	-
Governmental services to residents	2,781	-	-
Total expenditures	2,781	-	8,370
Change in fund balances	1,659	16,687	(8,370)
Fund balances beginning of year	31,897	114,265	13,412
Fund balances end of year	$ 33,556	130,952	5,042

See accompanying independent auditor's report.

Special Revenue					
Law Enforcement County Sheriff	Supplemental Environmental Projects	Washington County Conservation Foundation		Delinquent Fines	Total
1,960	-	-		-	18,364
-	-	-		-	4,367
-	4	1		13,559	13,920
92	-	-		-	92
2,052	4	1		13,559	36,743
-	-	-		1,110	9,480
-	-	2,506		-	2,506
-	-	-		-	2,781
-	-	2,506	-	1,110	14,767
2,052	4	(2,505)	-	12,449	21,976
18,658	1,554	2,505		41,349	223,640
20,710	1,558	-		53,798	245,616

Washington County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2015

	Employee Group Health	Flexible Benefits	Total
Assets			
Cash and cash equivalents	$ 1,647,306	12,779	1,660,085
Liabilities			
Accounts payable	150,270	-	150,270
Net Position			
Unrestricted	$ 1,497,036	12,779	1,509,815

See accompanying independent auditor's report.

Washington County

Combining Schedule of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds

Year ended June 30, 2015

	Employee Group Health	Flexible Benefits	Total
Operating revenues:			
Reimbursements from operating funds	$ 1,087,066	-	1,087,066
Reimbursements from employees and others	15,064	-	15,064
Reimbursements from Agency Funds	132,042	-	132,042
Stop loss reimbursements	3,002	-	3,002
Contributions for flexible benefits	-	33,809	33,809
Total operating revenues	1,237,174	33,809	1,270,983
Operating expenses:			
Medical claims	643,689	-	643,689
Administrative fees	285,994	-	285,994
Flexible benefits claims	-	31,578	31,578
Total operating expenses	929,683	31,578	961,261
Operating income	307,491	2,231	309,722
Non-operating revenues:			
Interest income	2,339	-	2,339
Net income	309,830	2,231	312,061
Net position beginning of year	1,187,206	10,548	1,197,754
Net position end of year	$ 1,497,036	12,779	1,509,815

See accompanying independent auditor's report.

Washington County

Washington County

Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2015

	Employee Group Health	Flexible Benefits	Total
Cash flows from operating activities:			
Cash received from operating funds	$ 1,087,066	-	1,087,066
Cash received from employees and others	18,066	33,809	51,875
Cash received from Agency Funds	132,042	-	132,042
Cash paid to suppliers for services	(929,683)	(31,578)	(961,261)
Net cash provided by operating activities	307,491	2,231	309,722
Cash flows from investing activities:			
Interest on investments	2,339	-	2,339
Net increase in cash and cash equivalents	309,830	2,231	312,061
Cash and cash equivalents beginning of year	1,337,476	10,548	1,348,024
Cash and cash equivalents end of year	$ 1,647,306	12,779	1,660,085
Reconciliation of operating income to net cash provided by operating activities:			
Operating income and cash provided by operating activities	$ 307,491	2,231	309,722

See accompanying independent auditor's report.

Washington County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ -	2,359	297,803	154,799	11,346
Other County officials	101,720	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	48	107	3,176	232
Succeeding year	-	219,000	485,000	14,867,000	1,080,000
Accounts	327	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 102,047	221,407	782,910	15,024,975	1,091,578
Liabilities					
Accounts payable	$ -	-	1,036	-	-
Salaries and benefits payable	-	-	15,277	-	-
Due to other governments	40,070	221,407	760,549	15,024,975	1,091,578
Trusts payable	61,977	-	-	-	-
Compensated absences	-	-	6,048	-	-
Total liabilities	$ 102,047	221,407	782,910	15,024,975	1,091,578

See accompanying independent auditor’s report.

Corpor-ations	Townships	Public Safety Commission	Auto License and Use Tax	Other	Total
65,885	3,383	129,878	566,795	709,315	1,941,563
-	-	-	-	-	101,720
1,617	60	-	-	226	5,466
6,073,000	379,000	-	-	1,040,000	24,143,000
-	-	-	-	28,739	29,066
-	-	-	-	72,847	72,847
6,140,502	382,443	129,878	566,795	1,851,127	26,293,662
-	-	3,417	-	34,197	38,650
-	-	27,601	-	8,375	51,253
6,140,502	382,443	62,470	566,795	1,807,683	26,098,472
-	-	-	-	-	61,977
-	-	36,390	-	872	43,310
6,140,502	382,443	129,878	566,795	1,851,127	26,293,662

Washington County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	$ 90,223	216,704	694,142	14,247,895	1,048,831
Additions:					
Property and other county tax	-	215,309	477,938	14,669,864	1,064,673
E911 surcharge	-	-	-	-	-
State tax credits	-	14,263	31,735	942,851	68,859
Office fees and collections	635,634	-	-	-	-
Auto licenses, use tax, postage and drivers license fees	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,995	-	-	-	-
Miscellaneous	17	-	378	-	-
Total additions	637,646	229,572	510,051	15,612,715	1,133,532
Deductions:					
Agency remittances:					
To other funds	53,009	-	-	-	-
To other governments	466,952	224,869	421,283	14,835,635	1,090,785
Trusts paid out	105,861	-	-	-	-
Total deductions	625,822	224,869	421,283	14,835,635	1,090,785
Balances end of year	$ 102,047	221,407	782,910	15,024,975	1,091,578

See accompanying independent auditor’s report.

Corpora- tions	Townships	Public Safety Commission	Auto License and Use Tax	Other	Total
5,883,525	335,586	152,336	498,265	1,856,112	25,023,619
5,842,314	377,530	-	-	1,024,614	23,672,242
-	-	-	-	237,150	237,150
491,169	16,620	-	-	67,330	1,632,827
-	-	-	-	214,570	850,204
-	-	-	6,760,944	-	6,760,944
-	-		-	65,818	65,818
-	-		-	66,292	68,287
-	-	726,170	-	528,616	1,255,181
6,333,483	394,150	726,170	6,760,944	2,204,390	34,542,653
-	-	-	250,814	-	303,823
6,076,506	347,293	748,628	6,441,600	2,209,375	32,862,926
-	-	-	-	-	105,861
6,076,506	347,293	748,628	6,692,414	2,209,375	33,272,610
6,140,502	382,443	129,878	566,795	1,851,127	26,293,662

Washington County

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

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	$ 8,993,354	9,092,267	9,658,584	9,197,085
Tax increment financing	910,267	1,746,821	1,807,197	1,785,917
Local option sales tax	1,129,426	1,114,808	969,263	1,084,809
Interest and penalty on property tax	53,820	70,802	72,171	74,276
Intergovernmental	6,101,263	5,935,796	6,094,416	6,833,101
Licenses and permits	73,462	87,100	71,390	70,128
Charges for service	783,054	737,985	788,891	758,402
Use of money and property	190,767	139,590	148,447	135,668
Miscellaneous	365,425	514,918	856,268	704,465
Total	$ 18,600,838	19,440,087	20,466,627	20,643,851
Expenditures:				
Operating:				
Public safety and legal services	$ 4,317,598	4,011,223	4,106,744	3,776,403
Physical health and social services	2,222,115	2,242,800	2,517,575	2,461,339
Mental health	310,473	324,392	435,068	2,301,318
County environment and education	954,300	926,078	1,247,107	1,043,520
Roads and transportation	5,065,801	5,006,326	4,651,989	4,242,814
Governmental services to residents	609,740	599,112	600,254	595,946
Administration	1,679,024	1,661,955	1,695,303	1,581,466
Non-program	51,812	88,683	59,227	54,498
Debt service	5,156,992	3,117,343	3,417,027	2,971,717
Capital projects	543,450	2,981,114	2,677,266	5,340,817
Total	$ 20,911,305	20,959,026	21,407,560	24,369,838

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
8,129,183	7,795,295	7,474,768	7,227,078	6,906,888	5,967,872
1,790,775	1,795,275	1,712,008	311,699	-	-
968,286	872,690	907,821	945,907	1,061,073	668,312
76,322	79,213	72,916	68,492	64,707	63,726
6,690,934	7,101,605	6,721,217	6,694,683	5,286,299	8,240,176
61,438	54,308	51,350	48,946	46,203	50,678
714,553	704,331	718,783	688,056	714,464	919,552
151,486	175,085	206,634	424,237	605,055	315,561
623,606	358,210	444,509	382,126	499,479	179,197
19,206,583	18,936,012	18,310,006	16,791,224	15,184,168	16,405,074
3,752,408	3,777,719	3,671,315	3,447,365	2,680,060	2,660,864
2,412,125	2,382,538	2,316,409	2,183,902	2,239,164	2,004,389
1,733,162	1,633,941	1,642,744	1,793,564	1,830,624	1,338,335
886,227	796,374	733,200	637,552	624,445	525,778
4,729,678	4,660,891	4,141,415	4,521,177	3,927,041	3,998,812
599,233	594,919	587,746	559,917	513,407	640,779
1,576,049	1,572,228	1,523,319	1,354,082	1,221,558	1,247,345
57,065	46,241	62,187	56,424	4,082,771	4,656,959
2,288,019	2,297,777	2,061,861	905,179	853,834	143,920
1,801,336	254,840	2,392,295	2,323,948	3,998,616	2,979,542
19,835,302	18,017,468	19,132,491	17,783,110	21,971,520	20,196,723

Washington 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 Washington County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Washington County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 3, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington 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 an immaterial instance of non-compliance or other matters which is 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, 2015 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.

Washington County's Responses to the Findings

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

Purpose of this Report

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

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 3, 2016

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or more individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Auditor and Recorder
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. There is no independent review of the bank reconciliation.	Recorder

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Officials should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Responses –

County Auditor – We will review operating procedures with the goal of determining maximum internal control possible utilizing available staff.

County Recorder – We will continue to evaluate controls and improve as possible.

Conclusions – Responses acknowledged. The County Auditor and the County Recorder should utilize current personnel, including personnel from other offices, to provide additional control through review of financial transactions, reconciliations and reports.

(B) Capital Assets – Capital assets are not periodically tested by an independent person to determine the assets exist and all assets are included in the capital asset listing. In addition, capital assets are not reconciled to capital expenditures to ensure the asset list is complete.

Two capital assets with a total cost of $124,875 were identified during the audit which were not included in the capital asset listing.

Recommendation – A person who does not have responsibility for capital assets should periodically test capital assets to ensure the accuracy of the capital asset listing. In addition, capital asset additions should be reconciled to capital expenditures to ensure the asset listing is accurate and complete.

Response – We will periodically test capital assets to ensure the accuracy of the capital asset listing. Capital asset additions will be reconciled to capital expenditures.

Conclusion – Response accepted.

(C) Tax Increment Financing – The County Auditor did not prepare a reconciliation of tax increment financing revenue (TIF) remitted with the amount of debt certified.

Recommendation – The County should prepare a reconciliation for each TIF district to reconcile the cumulative TIF tax remitted with the amount of debt certified for each district.

Response – The County will prepare a reconciliation for each TIF district to reconcile the cumulative TIF tax remitted with the amount of debt certified for each applicable district.

Conclusion – Response accepted.

(D) Computer Systems – During our review of internal control, the existing control activities in the County's computer systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the County's computer systems were noted:

a) The County does not have a written disaster recovery plan.

b) The County does not have a formal information system security policy or password policy.

Recommendation – A written disaster recovery plan should be developed. Formal information system security and password policies should be developed.

Response – A written disaster recovery plan, formal information system security, and password policies will be developed.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

(2) Questionable Expenditures - No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

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

(4) Business Transactions – No business transactions between the County and County officials or employees were noted.

(5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

(6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

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

(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, 2015 for the County Extension Office did not exceed the amount budgeted.

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

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

(11) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management (DOM) on or before December 1, but the amount reported by the County as tax increment financing debt outstanding at the beginning of the year was underreported by $5,700.

Recommendation – The County should file the Annual Urban Renewal Report timely and ensure the debt amounts reported on the Levy Summary agree with County records.

Response – We will correct this issue on future Annual Urban Renewal Reports.

Conclusion – Response accepted.

Washington County

Staff

This audit was performed by:

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