

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

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Auditor of State

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NEWS RELEASE

FOR RELEASE April 29, 2016

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released an audit report on Webster County, Iowa.

The County had local tax revenue of \$55,137,216 for the year ended June 30, 2015, which included \$3,836,380 in tax credits from the state. The County forwarded \$42,303,233 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,833,983 of the local tax revenue to finance County operations, a less than 1% decrease from the prior year. Other revenues included charges for service of \$5,986,549, operating grants, contributions and restricted interest of \$7,450,532, capital grants, contributions and restricted interest of \$2,418,738, tax increment financing of \$375,985, local option sales tax of \$1,880,690, unrestricted investment earnings of \$148,689 and other general revenues of \$205,495.

Expenses for County operations for the year ended June 30, 2015 totaled \$27,577,396, a 2% decrease from the prior year. Expenses included \$9,651,657 for roads and transportation, \$5,059,877 for public safety and legal services and \$3,480,217 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/1510-0094-B00F>.

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WEBSTER COUNTY

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

JUNE 30, 2015

Table of Contents

			<u>Page</u>
Officials			3
Independent Auditor’s Report			5-7
Management’s Discussion and Analysis			9-15
Basic Financial Statements:	<u>Exhibit</u>		
Government-wide Financial Statements:			
Statement of Net Position	A	18	
Statement of Activities	B	19	
Governmental Fund Financial Statements:			
Balance Sheet	C	20-21	
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23	
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26	
Proprietary Fund Financial Statements:			
Statement of Net Position	G	27	
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28	
Statement of Cash Flows	I	29	
Fiduciary Fund Financial Statement:			
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	30	
Notes to Financial Statements			31-51
Required Supplementary Information:			
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds			54-55
Budget to GAAP Reconciliation			56
Notes to Required Supplementary Information – Budgetary Reporting			57
Schedule of the County’s Proportionate Share of the Net Pension Liability			58
Schedule of County Contributions			60-61
Notes to Required Supplementary Information – Pension Liability			62-63
Schedule of Funding Progress for the Retiree Health Plan			64
Supplementary Information:	<u>Schedule</u>		
Nonmajor Governmental Funds:			
Combining Balance Sheet	1	66-67	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	68-69	
Agency Funds:			
Combining Schedule of Fiduciary Assets and Liabilities	3	70-71	
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	72-73	
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	74-75	
Schedule of Expenditures of Federal Awards	6	76-78	
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 <u>Government Auditing Standards</u>			79-80
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133			83-84
Schedule of Findings and Questioned Costs			85-91
Staff			92

Webster County

Officials

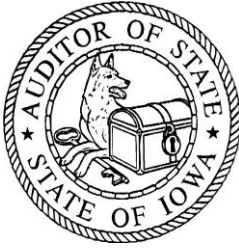
(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Dencklau	Board of Supervisors	Jan 2015
Clark Fletcher	Board of Supervisors	Jan 2015
Mark Campbell	Board of Supervisors	Jan 2017
Merrill Leffler	Board of Supervisors	Jan 2017
Robert Singer	Board of Supervisors	Jan 2017
Carol Messerly	County Auditor	Jan 2017
Jan Messerly	County Treasurer	Jan 2015
Judy Cosgrove	County Recorder	Jan 2015
James Stubbs	County Sheriff	Jan 2017
Cori Kuhn Coleman	County Attorney	(Resigned)
Jennifer Benson (Elected November 2014)	County Attorney	Jan 2019
Jeanette Thanupakorn	County Assessor	Jan 2016

(After January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Campbell	Board of Supervisors	Jan 2017
Merrill Leffler	Board of Supervisors	Jan 2017
Robert Singer	Board of Supervisors	Jan 2017
Keith Dencklau	Board of Supervisors	Jan 2019
Clark Fletcher	Board of Supervisors	Jan 2019
Carol Messerly	County Auditor	Jan 2017
Jan Messerly	County Treasurer	Jan 2019
Lindsay Boeckman	County Recorder	Jan 2019
James Stubbs	County Sheriff	Jan 2017
Jennifer Benson	County Attorney	Jan 2019
Jeanette Thanupakorn	County Assessor	Jan 2016

Webster County



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Independent Auditor's Report

To the Officials of Webster 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 Webster 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 Webster 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 16, Webster 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 15 and 54 through 64 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 Webster 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 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 1, 2016 on our consideration of Webster 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 Webster County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 1, 2016

Webster County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Webster 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 \$5,470,055 to retroactively report the net position 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 increased 1.2%, or approximately \$357,000, from fiscal year 2014 to fiscal year 2015. Property tax decreased approximately \$346,000, charges for service decreased approximately \$320,000 while capital grants and contributions increased approximately \$513,000 and operating grants and contributions increased approximately \$500,000.
- Program expenses of the County's governmental activities were 3.4%, or approximately \$982,000, less in fiscal year 2015 than in fiscal year 2014. Non-program expenses decreased approximately \$908,000 and administration expenses decreased approximately \$401,000. These decreases were offset by an increase in roads and transportation expenses of approximately \$467,000.
- The County's net position increased 5.9%, or approximately \$3,723,000, 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 Webster 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 Webster 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 Webster 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 Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, 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 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 Drainage Districts, 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) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

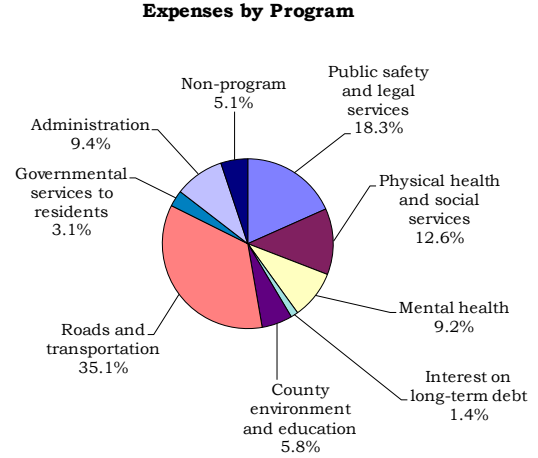
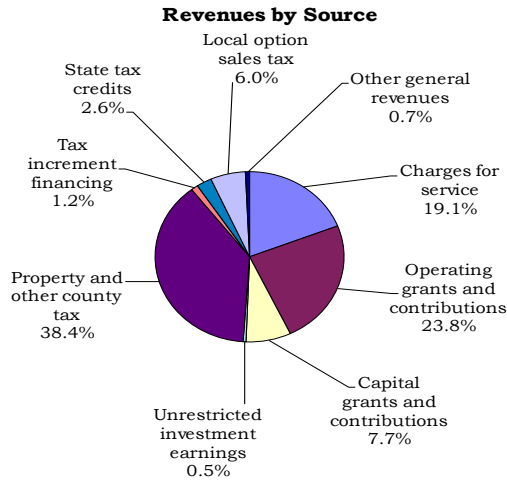
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2014	
	(Not Restated for GASB Statement 2015 No. 68)	
Current and other assets	\$ 32,257	33,781
Capital assets	62,745	60,302
Total assets	95,002	94,083
Deferred outflows of resources	1,150	-
Long-term liabilities	13,372	11,238
Other liabilities	976	1,682
Total liabilities	14,348	12,920
Deferred inflows of resources	14,679	12,291
Net position:		
Net investment in capital assets	56,829	54,734
Restricted	10,536	9,227
Unrestricted	(240)	4,911
Total net position	\$ 67,125	68,872

Prior to restatement for GASB Statement No. 68, Webster County's total governmental activities net position decreased 2.5% (approximately \$68.9 million compared to approximately \$67.1 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt

related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. 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 approximately \$5,151,000 from the prior year. The decrease is due primarily to reporting the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2014	
	(Not Restated for GASB Statement 2015 No. 68)	
	2015	No. 68)
Revenues:		
Program revenues:		
Charges for service	\$ 5,986	6,306
Operating grants and contributions	7,451	6,951
Capital grants and contributions	2,419	1,906
General revenues:		
Property and other county tax	12,007	12,353
Tax increment financing	376	381
State tax credits	826	568
Local option sales tax	1,881	1,893
Unrestricted investment earnings	149	117
Other general revenues	205	468
Total revenues	31,300	30,943
Program expenses:		
Public safety and legal services	5,060	5,295
Physical health and social services	3,480	3,237
Mental health	2,539	2,637
County environment and education	1,606	1,567
Roads and transportation	9,652	9,185
Governmental services to residents	857	814
Administration	2,603	3,004
Non-program	1,397	2,305
Interest on long-term debt	383	515
Total expenses	27,577	28,559
Change in net position	3,723	2,384
Net position beginning of year, as restated	63,402	66,488
Net position end of year	\$ 67,125	68,872



Revenues for governmental activities increased approximately \$357,000 over the prior year. The cost of all governmental activities this year was approximately \$27.6 million compared to approximately \$28.6 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was only approximately \$11.7 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As Webster County completed the year, its governmental funds reported a combined fund balance of approximately \$16,460,000, a decrease of approximately \$271,000 from last year's restated total of approximately \$16,731,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$113,000 and expenditures increased approximately \$443,000 compared to the prior year. The ending fund balance increased approximately \$304,000 over the prior year to approximately \$8,306,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues decreased approximately \$589,000 and expenditures decreased approximately \$72,000. The County is a member of the County Social Services Mental Health Region. During the year, the County forwarded \$1,762,267 to the Region's fiscal agent to fund Region activities. The Special Revenue, Mental Health Fund balance decreased approximately \$517,000 during the year.
- Special Revenue, Rural Services Fund revenues decreased approximately \$323,000 from the prior year and expenditures increased approximately \$15,000. Transfers to the Special Revenue, Secondary Roads Fund increased approximately \$26,000 over the prior fiscal year. The Rural Services Fund balance decreased approximately \$258,000 from the prior year.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$1,072,000 and expenditures increased approximately \$655,000 over the prior year. The increase in revenues was due primarily to receiving approximately \$1.1 million for damages to County roads during the construction of wind turbines. The Secondary Roads Fund ending balance increased approximately \$684,000 from the prior year.

- The Special Revenue, Drainage Districts Fund ended the year with a fund balance of approximately \$369,000 compared to approximately \$188,000 at the end of the prior year. Expenditures for drainage improvements decreased approximately \$874,000 while stamped drainage warrants and interest paid increased approximately \$1,673,000 compared to the prior fiscal year. Proceeds from stamped warrants decreased approximately \$281,000 during fiscal year 2015.
- The Capital Projects Fund ended the year with a fund balance of approximately \$124,000 compared to approximately \$1,104,000 at the end of the previous year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Webster County amended its budget once. The amendment was made on March 10, 2015 and resulted in an increase in budgeted disbursements for capital projects and a decrease in budgeted disbursements for roads and transportation.

The County’s receipts were \$244,504 less than budgeted, a variance of less than 1%. The most significant variance resulted from the County receiving less intergovernmental receipts than planned.

Total disbursements were \$3,331,530 less than the final amended budget, a variance of 10.8%. Public safety and legal services disbursements were \$413,720 less than budgeted. Capital projects disbursements were \$1,392,419 less than budgeted due to the timing of disbursements for capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Webster County had approximately \$62,745,000 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2,443,000, or 4.1%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 1,928	1,701
Construction in progress	31	63
Buildings and improvements	13,246	12,285
Machinery and equipment	3,817	3,635
Infrastructure	43,723	42,618
Total	\$ 62,745	60,302

The County had depreciation expense of \$3,373,738 in fiscal year 2015 and total accumulated depreciation of \$53,724,256 at June 30, 2015. More detailed information about the County’s capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2015, Webster County had approximately \$8,423,000 of general obligation bonds and other debt outstanding, compared to approximately \$10,370,000 at June 30, 2014, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2015	2014
General obligation capital loan notes	\$ 1,085	1,215
General obligation local option sales and services tax bonds	6,040	6,355
Tax increment revenue bonds	-	318
Drainage warrants	1,298	2,482
Total	\$ 8,423	10,370

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. Webster County's outstanding general obligation debt of \$7,125,000 is significantly below its constitutional debt limit of approximately \$140.1 million. 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

Webster 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. Unemployment in the County at June 2015 stands at 4.6% versus 5.8% a year ago. This is above the State's unemployment rate of 3.7% and is below the national rate of 5.3%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Budgeted disbursements are approximately \$33.3 million, an increase of approximately \$2.4 million over the final fiscal year 2015 budget. The County considered the effect inflation and consumer demands for services have on program costs. Modest wage and cost-of-living adjustments are included in the fiscal year 2016 budget. The County has added no major new programs or initiatives to the fiscal year 2016 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1.9 million by the close of fiscal year 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Webster 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 Webster County Auditor's Office, 703 Central Avenue, Fort Dodge, Iowa 50501.

Basic Financial Statements

Webster County

Webster County
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 15,145,539
Receivables:	
Property tax:	
Delinquent	47,646
Succeeding year	12,455,000
Interest and penalty on property tax	328,480
Accounts	176,962
Drainage assessments:	
Current	357,774
Future	973,789
Due from other governments	1,786,289
Inventories	746,358
Prepaid insurance	239,606
Capital assets, net of accumulated depreciation	62,744,944
Total assets	95,002,387
Deferred Outflows of Resources	
Pension related deferred outflows	1,150,167
Liabilities	
Accounts payable	563,715
Accrued interest payable	122,117
Salaries and benefits payable	247,909
Due to other governments	42,870
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	130,000
General obligation local option sales and services tax bonds	320,000
Drainage warrants	357,774
Compensated absences	476,957
Portion due or payable after one year:	
General obligation capital loan notes	955,000
General obligation local option sales and services tax bonds	5,720,000
Drainage warrants	940,147
Net pension liability	3,920,247
Net OPEB liability	551,686
Total liabilities	14,348,422
Deferred Inflows of Resources	
Unavailable property tax revenue	12,455,000
Pension related deferred inflows	2,224,238
Total deferred inflows of resources	14,679,238
Net Position	
Net investment in capital assets	56,829,103
Restricted for:	
Supplemental levy purposes	1,881,152
Mental health purposes	1,005,541
Rural services purposes	1,089,284
Secondary roads purposes	4,127,764
Drainage district purposes	299,267
Other purposes	2,132,601
Unrestricted	(239,818)
Total net position	\$ 67,124,894

See notes to financial statements.

Webster County

Statement of Activities

Year ended June 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 5,059,877	346,738	779,735	-	(3,933,404)
Physical health and social services	3,480,217	1,021,786	2,096,575	-	(361,856)
Mental health	2,538,651	777,969	-	-	(1,760,682)
County environment and education	1,606,391	306,617	136,404	29,982	(1,133,388)
Roads and transportation	9,651,657	1,205,407	4,437,818	2,388,756	(1,619,676)
Governmental services to residents	857,120	521,643	-	-	(335,477)
Administration	2,602,763	191,687	-	-	(2,411,076)
Non-program	1,397,190	1,614,702	-	-	217,512
Interest on long-term debt	383,530	-	-	-	(383,530)
Total	\$ 27,577,396	5,986,549	7,450,532	2,418,738	(11,721,577)
General Revenues:					
Property and other county tax levied for:					
General purposes					11,871,465
Debt service					136,288
Tax increment financing					375,985
Penalty and interest on property tax					141,819
State tax credits					826,230
Local option sales and services tax					1,880,690
Unrestricted investment earnings					148,689
Gain on disposition of capital assets					21,900
Miscellaneous					41,776
Total general revenues					15,444,842
Change in net position					3,723,265
Net position beginning of year, as restated					63,401,629
Net position end of year					\$ 67,124,894

See notes to financial statements.

Webster County
Balance Sheet
Governmental Funds

June 30, 2015

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 7,402,044	469,238	1,093,007
Receivables:			
Property tax:			
Delinquent	35,581	7,664	3,796
Succeeding year	7,841,000	1,344,000	2,759,000
Interest and penalty on property tax	328,480	-	-
Accounts	165,298	37	825
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	461,242	613,609	1,453
Advances to other funds	521,138	-	-
Inventories	-	-	-
Prepaid insurance	134,500	536	-
Total assets	\$ 16,889,283	2,435,084	3,858,081
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 158,250	25,716	5,990
Salaries and benefits payable	165,138	14,151	2,483
Due to other governments	40,522	568	-
Advances from other funds	-	-	-
Total liabilities	363,910	40,435	8,473
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	7,841,000	1,344,000	2,759,000
Other	378,018	529,201	3,796
Total deferred inflows of resources	8,219,018	1,873,201	2,762,796
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	134,500	536	-
Advances to other funds	521,138	-	-
Restricted for:			
Supplemental levy purposes	2,167,750	-	-
Mental health purposes	-	520,912	-
Rural services purposes	-	-	1,086,812
Secondary roads purposes	-	-	-
Drainage district purposes	-	-	-
Capital projects	-	-	-
Other purposes	119,619	-	-
Assigned for public health	778,672	-	-
Unassigned	4,584,676	-	-
Total fund balances	8,306,355	521,448	1,086,812
Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,889,283	2,435,084	3,858,081

See notes to financial statements.

Revenue				
Secondary Roads	Drainage Districts	Capital Projects	Nonmajor	Total
3,401,494	373,981	124,159	2,023,702	14,887,625
-	-	-	605	47,646
-	-	-	511,000	12,455,000
-	-	-	-	328,480
10,802	-	-	-	176,962
-	357,774	-	-	357,774
-	973,789	-	-	973,789
558,594	833	-	150,558	1,786,289
-	-	-	-	521,138
746,358	-	-	-	746,358
104,570	-	-	-	239,606
4,821,818	1,706,377	124,159	2,685,865	32,520,667
349,644	5,622	-	5,638	550,860
66,137	-	-	-	247,909
1,530	250	-	-	42,870
-	-	-	521,138	521,138
417,311	5,872	-	526,776	1,362,777
-	-	-	511,000	12,455,000
-	1,331,563	-	605	2,243,183
-	1,331,563	-	511,605	14,698,183
746,358	-	-	-	746,358
104,570	-	-	-	239,606
-	-	-	-	521,138
-	-	-	-	2,167,750
-	-	-	-	520,912
-	-	-	-	1,086,812
3,553,579	-	-	-	3,553,579
-	368,942	-	-	368,942
-	-	124,159	-	124,159
-	-	-	2,016,225	2,135,844
-	-	-	-	778,672
-	-	-	(368,741)	4,215,935
4,404,507	368,942	124,159	1,647,484	16,459,707
4,821,818	1,706,377	124,159	2,685,865	32,520,667

Webster County

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

June 30, 2015

Total governmental fund balances (page 21) \$ 16,459,707

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 \$116,469,200 and the accumulated depreciation is \$53,724,256. 62,744,944

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. 2,243,183

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 245,059

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	\$ 1,150,167	
Deferred inflows of resources	<u>(2,224,238)</u>	(1,074,071)

Long-term liabilities, including bonds and notes payable, drainage warrants payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (13,493,928)

Net position of governmental activities (page 18) \$ 67,124,894

See notes to financial statements.

Webster County

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

Year ended June 30, 2015

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 7,721,263	1,662,190	2,489,621
Tax increment financing	-	-	-
Local option sales and services tax	-	-	-
Interest and penalty on property tax	107,475	-	-
Intergovernmental	4,579,456	367,026	176,896
Licenses and permits	1,013	-	41,807
Charges for service	932,024	8,400	4,200
Use of money and property	310,264	-	2,560
Miscellaneous	134,659	5,685	250
Total revenues	13,786,154	2,043,301	2,715,334
Expenditures:			
Operating:			
Public safety and legal services	4,881,381	-	-
Physical health and social services	3,746,427	-	37,088
Mental health	-	2,560,537	-
County environment and education	986,518	-	552,013
Roads and transportation	-	-	-
Governmental services to residents	872,026	-	-
Administration	2,682,624	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	153,481	-	-
Total expenditures	13,322,457	2,560,537	589,101
Excess (deficiency) of revenues over (under) expenditures	463,697	(517,236)	2,126,233
Other financing sources (uses):			
Transfers in	104,169	-	-
Transfers out	(263,879)	-	(2,384,655)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(159,710)	-	(2,384,655)
Change in fund balances	303,987	(517,236)	(258,422)
Fund balances beginning of year, as restated	8,002,368	1,038,684	1,345,234
Fund balances end of year	\$ 8,306,355	521,448	1,086,812

See notes to financial statements.

Revenue				
Secondary Roads	Drainage Districts	Capital Projects	Nonmajor	Total
-	-	-	136,337	12,009,411
-	-	-	375,985	375,985
940,594	-	-	940,096	1,880,690
-	-	-	-	107,475
4,437,818	629,389	11,629	56,431	10,258,645
26,305	-	-	-	69,125
9	-	-	6,154	950,787
16,318	-	-	1,980	331,122
1,211,916	1,942,957	-	-	3,295,467
6,632,960	2,572,346	11,629	1,516,983	29,278,707
-	-	-	-	4,881,381
-	-	-	-	3,783,515
-	-	-	-	2,560,537
-	-	-	78,638	1,617,169
7,934,669	-	-	-	7,934,669
-	-	-	-	872,026
-	-	-	-	2,682,624
-	1,034,739	-	-	1,034,739
-	2,724,965	-	1,018,839	3,743,804
662,356	-	991,744	-	1,807,581
8,597,025	3,759,704	991,744	1,097,477	30,918,045
(1,964,065)	(1,187,358)	(980,115)	419,506	(1,639,338)
2,648,534	-	-	535,763	3,288,466
-	-	-	(639,932)	(3,288,466)
-	1,368,470	-	-	1,368,470
2,648,534	1,368,470	-	(104,169)	1,368,470
684,469	181,112	(980,115)	315,337	(270,868)
3,720,038	187,830	1,104,274	1,332,147	16,730,575
4,404,507	368,942	124,159	1,647,484	16,459,707

Webster 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) \$ (270,868)

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

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

Expenditures for capital assets	\$ 3,394,313	
Capital assets contributed by the Iowa Department of Transportation and others	2,418,738	
Depreciation expense	<u>(3,373,738)</u>	2,439,313

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 3,350

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

Property tax	(1,658)	
Other	<u>(772,214)</u>	(773,872)

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

Issued	(1,368,470)	
Repaid	<u>3,315,804</u>	1,947,334

The current year County 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. 814,267

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	(88,106)	
Other postemployment benefits	(72,332)	
Pension expense	(338,530)	
Interest on long-term debt	<u>44,470</u>	(454,498)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 18,239

Change in net position of governmental activities (page 19) \$ 3,723,265

See notes to financial statements.

Webster County
Statement of Net Position
Proprietary Fund
June 30, 2015

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 257,914
Liabilities	
Accounts payable	<u>12,855</u>
Net Position	
Unrestricted	<u>\$ 245,059</u>

See notes to financial statements.

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

Year ended June 30, 2015

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,000,252
Reimbursements from employees and others		244,382
COBRA reimbursements		<u>63,629</u>
Total operating revenues		2,308,263
Operating expenses:		
Insurance premiums	\$ 2,096,931	
Medical claims	165,450	
Administrative fees	<u>30,869</u>	<u>2,293,250</u>
Operating income		15,013
Non-operating revenues:		
Interest income		<u>3,226</u>
Net income		18,239
Net position beginning of year		<u>226,820</u>
Net position end of year		<u>\$ 245,059</u>

See notes to financial statements.

Webster County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2015

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 2,000,252
Cash received from employees and others	244,382
Cash received from COBRA reimbursements	63,629
Cash paid for insurance premiums	(2,096,931)
Cash paid for medical claims	(167,422)
Cash paid for administrative expenses	(30,869)
Net cash provided by operating activities	13,041
Cash flows from investing activities:	
Interest on investments	3,226
Net increase in cash and cash equivalents	16,267
Cash and cash equivalents beginning of year	241,647
Cash and cash equivalents end of year	\$ 257,914
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 15,013
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(1,972)
Net cash provided by operating activities	\$ 13,041

See notes to financial statements.

Webster County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,024,143
Other County officials	104,027

Receivables:

Property tax:

Delinquent	222,422
Succeeding year	39,380,000
Accounts	17,875
Accrued interest	184
Special assessments	585,954
Drainage assessments	60,313

Due from other governments	76,261
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Prepaid items	915
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Total assets	<u>42,472,094</u>
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Liabilities

Accounts payable	3,799
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Salaries and benefits payable	9,548
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Due to other governments	42,029,579
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Trusts payable	350,095
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Stamped warrants payable	62,492
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Compensated absences	16,581
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Total liabilities	<u>42,472,094</u>
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Net position	<u><u>\$ -</u></u>
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See notes to financial statements.

Webster County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Webster County Assessor’s Conference Board, Webster County Emergency Management Commission and Webster 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 North Central Iowa Regional Solid Waste Agency, the Webster County Telecommunications Board, Central Iowa Juvenile Detention Center, Region V Narcotic Task Force, Mid-Iowa Development Association Council of Governments, Hazardous Materials Response Commission, County Social Services and Local Emergency Planning Commission, jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa. In addition, the County participates in the following jointly governed organizations: Second Judicial District Department of Correctional Services, Iowa Central Industries, Your Own Limited Resources, Inc., the North Central Alcoholism Research Foundation, Webster County Economic Development Corporation and North Central Mental Health Center.

B. Basis of Presentation

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

The Statement of Net Position presents the County’s nonfiduciary assets, 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 and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary 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 the secondary roads construction and maintenance.

The Drainage Districts Fund is used to account for drainage district assessments and drainage district construction and maintenance activity.

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

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

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

D. Assets, 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 value except for investments in non-negotiable certificates of deposit which are stated at cost.

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

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

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

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

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

Current drainage assessments receivable represent assessments which are due and payable but have not been collected. Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 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
Buildings and improvements	\$ 25,000
Land and improvements	5,000
Equipment and vehicles	5,000
Intangibles	50,000
Infrastructure	50,000

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

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax 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.

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 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 No. 40.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales and Services Tax	\$ 104,169
Special Revenue: Secondary Roads	General	263,879
	Special Revenue: Rural Services	2,384,655
		<u>2,648,534</u>
Debt Service	Special Revenue: Local Option Sales and Services Tax	535,763
Total		<u>\$ 3,184,297</u>

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

(4) Interfund Assets/Liabilities

The detail of advances to/from other funds is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Urban Renewal Tax Increment Financing	<u>\$ 521,138</u>

The advance to/from other funds resulted from borrowing funds from the General Fund for urban renewal project costs. The borrowing will be repaid with tax increment financing collections.

(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:				
Land	\$ 1,701,438	226,000	-	1,927,438
Construction in progress, road network	62,770	3,061,796	(3,093,428)	31,138
Construction in progress	-	1,415,420	(1,415,420)	-
Total capital assets not being depreciated	<u>1,764,208</u>	<u>4,703,216</u>	<u>(4,508,848)</u>	<u>1,958,576</u>
Capital assets being depreciated:				
Buildings	23,397,835	1,415,420	-	24,813,255
Improvements other than buildings	199,320	-	-	199,320
Equipment and vehicles	11,122,977	1,083,203	(154,691)	12,051,489
Infrastructure, road network	73,104,912	3,093,428	-	76,198,340
Infrastructure, other	1,218,238	29,982	-	1,248,220
Total capital assets being depreciated	<u>109,043,282</u>	<u>5,622,033</u>	<u>(154,691)</u>	<u>114,510,624</u>
Less accumulated depreciation for:				
Buildings	11,158,704	451,495	-	11,610,199
Improvements other than buildings	153,946	1,973	-	155,919
Equipment and vehicles	7,487,793	900,993	(154,691)	8,234,095
Infrastructure, road network	31,656,036	1,969,348	-	33,625,384
Infrastructure, other	48,730	49,929	-	98,659
Total accumulated depreciation	<u>50,505,209</u>	<u>3,373,738</u>	<u>(154,691)</u>	<u>53,724,256</u>
Total capital assets being depreciated, net	<u>58,538,073</u>	<u>2,248,295</u>	<u>-</u>	<u>60,786,368</u>
Governmental activities capital assets, net	<u>\$ 60,302,281</u>	<u>6,951,511</u>	<u>(4,508,848)</u>	<u>62,744,944</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 375,110
Physical health and social services	49,147
Mental health	5,307
County environment and education	102,939
Roads and transportation	2,692,260
Governmental services to residents	6,209
Administration	141,516
Nonprogram	<u>1,250</u>
Total depreciation expense - governmental activities	<u>\$ 3,373,738</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

Fund	Description	Amount
General	Services	\$ 40,522
Special Revenue:		
Mental Health	Services	568
Secondary Roads	Services	1,530
Drainage Districts	Services	250
		<u>2,348</u>
Total for governmental funds		<u>\$ 42,870</u>
Agency:		
Agricultural Extension Education	Collections	\$ 250,014
County Assessor		992,706
Schools		20,289,783
Community Colleges		1,241,634
Corporations		16,936,904
Townships		416,904
Auto License and Use Tax		863,517
Special Districts		654,830
All other		383,287
Total for agency funds		<u>\$ 42,029,579</u>

(7) Long-Term Liabilities

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

	General Obligation Capital Loan Notes	General Obligation Local Option Sales and Services Tax Bonds	Tax Increment Revenue Bonds	Drainage Warrants	Compen- sated Absences	Net Pension Liability	Other Post- employment Benefits	Total
Balance beginning of year, as restated	\$ 1,215,000	6,355,000	317,760	2,482,495	388,851	6,261,810	479,354	17,500,270
Increases	-	-	-	1,368,470	533,892	-	79,220	1,981,582
Decreases	130,000	315,000	317,760	2,553,044	445,786	2,341,563	6,888	6,110,041
Balance end of year	<u>\$ 1,085,000</u>	<u>6,040,000</u>	<u>-</u>	<u>1,297,921</u>	<u>476,957</u>	<u>3,920,247</u>	<u>551,686</u>	<u>13,371,811</u>
Due within one year	<u>\$ 130,000</u>	<u>320,000</u>	<u>-</u>	<u>357,774</u>	<u>476,957</u>	<u>-</u>	<u>-</u>	<u>1,284,731</u>

General Obligation Capital Loan Notes

On December 18, 2012, the County issued \$1,340,000 of general obligation capital loan notes, Series 2012 pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying costs of aiding in the planning, undertaking and carrying out of an urban renewal project, including funds paid to the City of Fort Dodge to fund the oversizing of sewer and water services to accommodate future expansion of the County's Industrial Park. During the year ended June 30, 2015, the County retired \$130,000 of notes. The total principal and interest remaining to be paid on the notes is \$1,155,510. A summary of the general obligation capital loan notes indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	0.60%	\$ 130,000	13,210	143,210
2017	0.75	130,000	12,430	142,430
2018	0.90	135,000	11,455	146,455
2019	1.10	135,000	10,240	145,240
2020	1.30	135,000	8,755	143,755
2021-2023	1.50-1.80	420,000	14,420	434,420
Total		\$ 1,085,000	70,510	1,155,510

General Obligation Local Option Sales and Services Tax Bonds

On December 30, 2010, the County issued \$7,500,000 of Series 2010 of general obligation local option sales and services tax bonds pursuant to the provisions of Section 423B.9(4) of the Code of Iowa for the purpose of paying costs to remodel, improve, extend and equip the existing County Law Enforcement Center, to build and equip the new County Jail and to acquire land, if necessary. A summary of the general obligation local option sales and services tax bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.50%	\$ 320,000	212,388	532,388
2017	2.50	330,000	204,388	534,388
2018	3.00	335,000	196,138	531,138
2019	3.00	350,000	186,087	536,087
2020	3.00	360,000	175,587	535,587
2021-2025	3.25-3.625	1,975,000	694,848	2,669,848
2026-2030	3.75-4.125	2,370,000	316,700	2,686,700
Total		\$ 6,040,000	1,986,136	8,026,136

The County has pledged future local option sales and services tax receipts to repay the general obligation local option sales and services tax bonds. The bonds are payable and secured by a pledge of 50% of the local option sales and services tax receipts and, if the 50% portion of the local option sales tax receipts is insufficient, the County may levy an annual tax on all of the taxable property in the County.

Annual principal and interest payments on the bonds required 28% of net revenues. During the year ended June 30, 2015, the County retired \$315,000 of bonds. The total principal and interest remaining to be paid on the bonds is \$8,026,136. For the current year, principal and interest paid and total local option sales and services tax revenue were \$535,263 and \$1,880,690, respectively.

The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will be redeemed from the future collections of local option sales and services tax and, as needed in order to supplement the local option sales and services tax receipts, an annual property tax levy.
- (b) The local option sales and services tax receipts shall be deposited in a Local Option Sales and Services Tax Fund (Revenue Fund), which shall be used and disbursed to pay the principal and interest on the bonds.
- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. The Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, property tax will be levied for the next fiscal year.

Drainage Warrants

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

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

(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 and 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 percentage point. 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 \$814,267.

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 \$3,920,247 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 .0988487%, which was a decrease of .010210% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$338,530. 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	\$ 45,137	55,462
Changes of assumptions	183,290	46,153
Net difference between projected and actual earnings on pension plan investments	-	2,110,544
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	107,473	12,079
County contributions subsequent to the measurement date	814,267	-
Total	<u>\$ 1,150,167</u>	<u>2,224,238</u>

\$814,267 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	\$ (475,719)
2017	(475,719)
2018	(475,719)
2019	(475,719)
2020	14,538
Total	<u>\$ (1,888,338)</u>

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)	\$ 8,740,594	\$3,920,247	\$ (144,946)

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.

(9) Other Postemployment Benefits (OPEB)

Plan Description - The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 179 active and 5 retired members in the plan. Retired participants must be age 55 or older at retirement.

The health coverage, which is a partially self-funded medical plan, is administered by Group Services, Incorporated. 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 which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 87,077
Interest on net OPEB obligation	21,571
Adjustment to annual required contribution	(29,428)
Annual OPEB cost	<u>79,220</u>
Contributions made	(6,888)
Increase in net OPEB obligation	<u>72,332</u>
Net OPEB obligation beginning of year	<u>479,354</u>
Net OPEB obligation end of year	<u><u>\$ 551,686</u></u>

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 \$6,888 to the medical plan. Plan members eligible for benefits contributed \$27,552, or 80% 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	\$ 64,730	27.0%	\$ 451,666
2014	63,958	56.7	479,354
2015	79,220	8.7	551,686

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 \$665,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$665,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,366,000 and the ratio of the UAAL to covered payroll was 7.9%. As of June 30, 2015, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return rate based on the County's funding policy. The projected annual medical trend rate is 5% for all years.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$574 per month for retirees less than age 65 and \$1,337 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9. 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, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses 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 \$233,490.

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 any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's group health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Group Services. All benefits in excess of Plan deductibles are paid through the Iowa State Association of Counties (ISAC), which in turn provides for its own reinsurance stop/loss limits and submits its own required state filings.

The payments of plan contributions to the Internal Service, 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 made to Group Services into a Safe-T fund. Claims are processed from the Safe-T fund to ensure timely payment. The County's contribution to the fund for the year ended June 30, 2015 was \$2,000,252.

The amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2015 for incurred but not reported (IBNR) and reported but not paid claims has been estimated but has not been actuarially determined since the County is exempt from obtaining an actuarial opinion under Chapter 509A.15(4) of the Code of Iowa. The combined County liability for unpaid claims is as follows:

Unpaid claims beginning of year	\$ 14,827
Incurred claims (including claims incurred but not reported at June 30, 2015)	165,450
Payments on claims during the year	<u>167,422</u>
Unpaid claims end of year	<u><u>\$ 12,855</u></u>

(12) Industrial Development Revenue Bonds

The County has issued a total of \$670,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$467,185 is outstanding at June 30, 2015. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

(13) Development Agreements

In September 2012, the County entered into a development agreement with CJ Bio America, Inc. (the Developer). The Developer agreed to construct a facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$4,444,000 for reimbursement of costs to construct a rail spur to the facility and site preparation of the facility. The grant payment will be funded by the proceeds of an urban renewal revenue note. At June 30, 2015, the County had not made any grant payments to the Developer.

In July 2013, the County entered into three development agreements with New Co-Operative, Inc. (the Developer). The Developer agreed to construct certain minimum improvements at three locations within the Webster County Regional Urban Renewal Area. The County agreed to make six annual tax increment financing rebate payments to the Developer for the Roelyn facility, not to exceed a cumulative total of \$120,000. The County agreed to make five annual tax increment financing rebate payments to the Developer for the Lanyon facility, not to exceed a cumulative total of \$50,000. The County agreed to make five annual tax increment financing rebate payments to the Developer for the Barnum facility, not to exceed a cumulative total of \$75,000. During the year ended June 30, 2015, the County made payments of \$18,456 to the Developer. At June 30, 2015, the balance owed on the agreements is \$226,544.

(14) County Financial Information Included in County Social Services

County Social Services (CSS), a jointly governed organization formed pursuant to the provisions of Chapter 28E and Chapter 331.390 of the Code of Iowa, which became effective April 1, 2013, included the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright counties. The agreement was amended on April 1, 2014 to also include Emmet County. The financial activity of the County's Special Revenue, Mental Health Fund is included in CSS for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		\$1,662,190
Intergovernmental revenues:		
State tax credits	\$ 119,054	
Payments from fiscal agent	193,273	
Other	54,699	367,026
Miscellaneous		14,085
Total revenues		<u>2,043,301</u>
Expenditures:		
Services to persons with mental illness		112,547
General administration:		
Direct administration	685,723	
Distribution to regional fiscal agent	1,762,267	2,447,990
Total expenditures		<u>2,560,537</u>
Deficiency of revenues under expenditures		(517,236)
Fund balance beginning of year, as restated		<u>1,038,684</u>
Fund balance end of year		<u>\$ 521,448</u>

(15) Deficit Fund Balance

At June 30, 2015, the Special Revenue, Urban Renewal Tax Increment Financing Fund had a deficit fund balance of \$368,741 due to advances made from other funds spent for urban renewal purposes. The deficit will be eliminated with future tax increment financing revenues.

(16) 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.

The beginning net position/fund balance for governmental activities and the Special Revenue, Mental Health Fund have been restated to include a payable to County Social Services (CSS) previously omitted.

In addition, the General Fund and the Special Revenue, Secondary Roads and Urban Renewal Tax Increment Financing (TIF) Funds have been restated to report interfund TIF loans certified but not recorded in the financial statements by the County.

The restated net position/fund balances are as follows:

	Special Revenue Funds				
	Governmental Activities	General Fund	Mental Health	Secondary Roads	Urban Renewal Tax Increment Financing
Net position/fund balances June 30, 2014, as previously reported	\$ 69,271,684	7,774,868	1,438,684	3,426,400	96,892
Net pension liability at June 30, 2014	(6,261,810)	-	-	-	-
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	791,755	-	-	-	-
CSS payable previously omitted	(400,000)	-	(400,000)	-	-
Interfund TIF loans previously omitted	-	227,500	-	293,638	(521,138)
Net position/fund balance July 1, 2014, as restated	\$ 63,401,629	8,002,368	1,038,684	3,720,038	(424,246)

(17) Potential Litigation

The County has been threatened with a lawsuit for which the probability and the amount of loss, if any, is undeterminable.

Webster County

Required Supplementary Information

Webster 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	\$ 14,247,313	-	14,247,313
Interest and penalty on property tax	109,839	-	109,839
Intergovernmental	10,466,640	681,995	9,784,645
Licenses and permits	69,053	-	69,053
Charges for service	944,172	-	944,172
Use of money and property	325,342	-	325,342
Miscellaneous	3,412,866	1,942,957	1,469,909
Total receipts	29,575,225	2,624,952	26,950,273
Disbursements:			
Public safety and legal services	4,875,140	-	4,875,140
Physical health and social services	3,836,472	-	3,836,472
Mental health	2,942,590	-	2,942,590
County environment and education	1,605,215	-	1,605,215
Roads and transportation	7,898,520	-	7,898,520
Governmental services to residents	869,086	-	869,086
Administration	2,741,448	-	2,741,448
Non-program	1,287,817	1,287,817	-
Debt service	3,743,805	2,724,965	1,018,840
Capital projects	1,807,581	-	1,807,581
Total disbursements	31,607,674	4,012,782	27,594,892
Excess (deficiency) of receipts over (under) disbursements	(2,032,449)	(1,387,830)	(644,619)
Other financing sources, net	1,368,470	1,368,470	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(663,979)	(19,360)	(644,619)
Balance beginning of year	15,551,604	393,341	15,158,263
Balance end of year	\$ 14,887,625	373,981	14,513,644

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
14,262,898	14,309,720	(62,407)
110,500	110,500	(661)
10,625,868	10,285,454	(500,809)
57,200	67,100	1,953
948,015	948,015	(3,843)
319,402	319,972	5,370
54,016	1,154,016	315,893
26,377,899	27,194,777	(244,504)
5,288,860	5,288,860	413,720
4,222,208	4,222,208	385,736
3,239,329	3,239,329	296,739
1,843,301	1,843,301	238,086
8,700,000	7,960,000	61,480
994,222	994,222	125,136
3,004,080	3,004,080	262,632
150,000	150,000	150,000
1,024,422	1,024,422	5,582
2,950,000	3,200,000	1,392,419
31,416,422	30,926,422	3,331,530
(5,038,523)	(3,731,645)	3,087,026
203,123	9,228	(9,228)
(4,835,400)	(3,722,417)	3,077,798
11,979,993	11,979,993	3,178,270
7,144,593	8,257,576	6,256,068

Webster County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 29,575,225	(296,518)	29,278,707
Expenditures	31,607,674	(689,629)	30,918,045
Net	(2,032,449)	393,111	(1,639,338)
Other financing sources, net	1,368,470	-	1,368,470
Beginning fund balances	15,551,604	1,178,971	16,730,575
Ending fund balances	\$ 14,887,625	1,572,082	16,459,707

See accompanying independent auditor's report.

Webster 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 blended component units, the Internal Service and the 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, one budget amendment decreased budgeted disbursements by \$490,000. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted.

Webster 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

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.0988487%
County's collective proportionate share of the net pension liability (asset)	\$ 3,920
County's covered-employee payroll	\$ 8,651
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.31%
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.

Webster County

Webster County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 814	792	741	683
Contributions in relation to the statutorily required contribution	<u>(814)</u>	<u>(792)</u>	<u>(741)</u>	<u>(683)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 8,896	8,651	8,265	8,094
Contributions as a percentage of covered-employee payroll	9.15%	9.16%	8.97%	8.44%

* County's covered-employee payroll information was not readily available. Therefore, contributions as a percentage of covered payroll could not be calculated.

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
573	554	516	467	433	407
<u>(573)</u>	<u>(554)</u>	<u>(516)</u>	<u>(467)</u>	<u>(433)</u>	<u>(407)</u>
-	-	-	-	-	-
7,694	7,907	7,702	*	*	*
7.45%	7.01%	6.70%	*	*	*

Webster County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

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.

Webster 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		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2009	Jul 1, 2008	-	\$ 965	965	0.0%	\$ 7,234	13.3%
2010	Jul 1, 2008	-	965	965	0.0	7,598	12.7
2011	Jul 1, 2008	-	965	965	0.0	7,280	13.3
2012	Jul 1, 2011	-	621	621	0.0	7,339	8.5
2013	Jul 1, 2011	-	621	621	0.0	7,707	8.1
2014	Jul 1, 2011	-	621	621	0.0	8,079	7.7
2015	Jul 1, 2014	-	665	665	0.0	8,366	7.9

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

See accompanying independent auditor's report.

Supplementary Information

Webster County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	County Recorder's Records Management	Special Resource Enhancement and Protection
Assets		
Cash, cash equivalents and pooled investments	\$ 24,598	49,746
Receivables:		
Delinquent	-	-
Succeeding year property tax	-	-
Due from other governments	-	-
Total assets	\$ 24,598	49,746
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ -	5,638
Advance from other funds	-	-
Total liabilities	-	5,638
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	-	-
Other	-	-
Total deferred inflows of resources	-	-
Fund balances:		
Restricted for other purposes	24,598	44,108
Unassigned	-	-
Total fund balances	24,598	44,108
Total liabilities, deferred inflows of resources and fund balances	\$ 24,598	49,746

See accompanying independent auditor's report.

Revenue				
Urban Renewal Tax Increment Financing	Local Option Sales and Services Tax	Debt Service		Total
152,397	1,793,718	3,243		2,023,702
-	-	605		605
376,000	-	135,000		511,000
-	150,558	-		150,558
528,397	1,944,276	138,848		2,685,865
-	-	-		5,638
521,138	-	-		521,138
521,138	-	-		526,776
376,000	-	135,000		511,000
-	-	605		605
376,000	-	135,605		511,605
-	1,944,276	3,243		2,016,225
(368,741)	-	-		(368,741)
(368,741)	1,944,276	3,243		1,647,484
528,397	1,944,276	138,848		2,685,865

Webster County

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

Year ended June 30, 2015

	Special Revenue		
	County Recorder's Records Management	Resource Enhancement and Protection	Urban Renewal Tax Increment Financing
Revenues:			
Property and other county tax	\$ -	-	-
Tax increment financing	-	-	375,985
Local option sales and services tax	-	-	-
Intergovernmental	-	29,666	17,157
Charges for service	6,154	-	-
Use of money and property	155	745	1,080
Total revenues	<u>6,309</u>	<u>30,411</u>	<u>394,222</u>
Expenditures:			
Operating:			
County environment and education	-	78,638	-
Debt service	-	-	338,717
Total expenditures	<u>-</u>	<u>78,638</u>	<u>338,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,309</u>	<u>(48,227)</u>	<u>55,505</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	6,309	(48,227)	55,505
Fund balances beginning of year, as restated	<u>18,289</u>	<u>92,335</u>	<u>(424,246)</u>
Fund balances end of year	<u>\$ 24,598</u>	<u>44,108</u>	<u>(368,741)</u>

See accompanying independent auditor's report.

Local Option Sales and Services Tax	Debt Service	Total
-	136,337	136,337
-	-	375,985
940,096	-	940,096
-	9,608	56,431
-	-	6,154
-	-	1,980
940,096	145,945	1,516,983
-	-	78,638
-	680,122	1,018,839
-	680,122	1,097,477
940,096	(534,177)	419,506
-	535,763	535,763
(639,932)	-	(639,932)
(639,932)	535,763	(104,169)
300,164	1,586	315,337
1,644,112	1,657	1,332,147
1,944,276	3,243	1,647,484

Webster 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	\$ -	2,894	143,523	248,090	15,598
Other County officials	104,027	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,120	1,901	100,693	6,036
Succeeding year	-	246,000	872,000	19,941,000	1,220,000
Accounts	1,799	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 105,826	250,014	1,017,424	20,289,783	1,241,634
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	47	-	-
Salaries and benefits payable	-	-	8,172	-	-
Due to other governments	26,385	250,014	992,706	20,289,783	1,241,634
Trusts payable	79,441	-	-	-	-
Stamped warrants payable	-	-	-	-	-
Compensated absences	-	-	16,499	-	-
Total liabilities	\$ 105,826	250,014	1,017,424	20,289,783	1,241,634

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
188,140	4,442	863,517	33,452	524,487	2,024,143
-	-	-	-	-	104,027
111,764	462	-	424	22	222,422
16,637,000	412,000	-	35,000	17,000	39,380,000
-	-	-	-	16,076	17,875
-	-	-	-	184	184
-	-	-	585,954	-	585,954
-	-	-	-	60,313	60,313
-	-	-	-	76,261	76,261
-	-	-	-	915	915
<u>16,936,904</u>	<u>416,904</u>	<u>863,517</u>	<u>654,830</u>	<u>695,258</u>	<u>42,472,094</u>
-	-	-	-	3,752	3,799
-	-	-	-	1,376	9,548
16,936,904	416,904	863,517	654,830	356,902	42,029,579
-	-	-	-	270,654	350,095
-	-	-	-	62,492	62,492
-	-	-	-	82	16,581
<u>16,936,904</u>	<u>416,904</u>	<u>863,517</u>	<u>654,830</u>	<u>695,258</u>	<u>42,472,094</u>

Webster County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 113,126	245,796	535,554	20,549,385
Additions:				
Property and other county tax	-	246,865	874,279	19,965,819
E911 surcharge	-	-	-	-
State tax credits	-	17,397	29,521	1,503,036
Office fees and collections	707,097	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	444,541	-	-	-
Miscellaneous	-	-	2,332	-
Total additions	1,151,638	264,262	906,132	21,468,855
Deductions:				
Agency remittances:				
To other funds	380,673	-	-	-
To other governments	323,177	260,044	424,262	21,728,457
Trusts paid out	455,088	-	-	-
Total deductions	1,158,938	260,044	424,262	21,728,457
Balances end of year	\$ 105,826	250,014	1,017,424	20,289,783

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Special Districts	Other	Total
1,323,648	15,671,947	411,358	759,849	636,875	474,227	40,721,765
1,226,037	16,510,663	418,302	-	34,990	16,128	39,293,083
-	-	-	-	-	164,003	164,003
93,769	1,342,977	21,161	-	1,944	345	3,010,150
-	-	-	-	-	-	707,097
-	-	-	10,718,874	-	1,376	10,720,250
-	-	-	-	83,111	49,876	132,987
-	-	-	-	-	853,633	1,298,174
-	-	-	-	-	361,322	363,654
1,319,806	17,853,640	439,463	10,718,874	120,045	1,446,683	55,689,398
-	-	-	299,839	-	152,392	832,904
1,401,820	16,588,683	433,917	10,315,367	102,090	534,478	52,112,295
-	-	-	-	-	601,274	1,056,362
1,401,820	16,588,683	433,917	10,615,206	102,090	1,288,144	54,001,561
1,241,634	16,936,904	416,904	863,517	654,830	632,766	42,409,602

Webster 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	\$ 12,385,396	12,723,473	12,271,342	12,498,762
Local option sales and services tax	1,880,690	1,893,684	1,687,493	1,649,410
Interest and penalty on property tax	107,475	108,693	101,378	110,909
Intergovernmental	10,258,645	9,588,387	11,016,312	12,498,776
Licenses and permits	69,125	151,144	81,387	111,405
Charges for service	950,787	1,053,980	1,031,580	995,824
Use of money and property	331,122	311,746	306,804	390,636
Miscellaneous	3,295,467	1,919,319	1,168,167	1,526,016
Total	\$ 29,278,707	27,750,426	27,664,463	29,781,738
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,881,381	5,021,524	5,019,591	5,047,832
Physical health and social services	3,783,515	3,172,397	2,725,211	2,508,348
Mental health	2,560,537	2,632,711	3,522,224	5,741,501
County environment and education	1,617,169	1,431,400	1,434,580	1,183,265
Roads and transportation	7,934,669	6,908,561	6,615,707	7,028,654
Governmental services to residents	872,026	852,146	878,055	763,062
Administration	2,682,624	2,833,233	2,668,289	2,451,572
Non-program	1,034,739	1,929,837	1,998,639	1,516,230
Debt service	3,743,804	2,122,573	1,549,368	2,431,117
Capital projects	1,807,581	1,473,512	3,803,829	6,329,798
Total	\$ 30,918,045	28,377,894	30,215,493	35,001,379

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
12,470,783	11,170,681	10,528,511	10,257,149	10,626,585	10,232,642
1,666,772	1,405,986	803,332	826,329	811,552	803,309
113,651	121,908	125,291	120,461	137,344	112,680
12,673,182	10,834,057	11,918,133	12,099,302	8,097,051	9,621,149
77,399	58,905	31,547	44,819	39,764	36,289
1,122,883	930,734	948,881	939,967	923,006	996,223
269,193	307,683	426,764	701,379	647,815	539,678
1,398,371	570,869	942,772	537,801	425,068	610,787
29,792,234	25,400,823	25,725,231	25,527,207	21,708,185	22,952,757
4,482,641	4,517,607	4,719,053	4,625,204	4,349,153	4,203,515
2,302,259	2,418,882	2,164,245	1,990,046	2,113,678	2,037,675
3,901,371	4,203,328	4,440,537	4,983,980	4,392,210	4,112,304
1,105,897	1,165,709	1,141,169	1,079,285	1,009,538	797,784
6,699,446	6,591,364	7,848,518	6,379,563	6,255,432	5,639,429
662,741	732,356	798,823	753,660	726,483	1,030,812
2,366,009	2,482,172	2,655,140	2,610,725	2,328,777	2,312,763
1,157,295	1,959,580	1,739,170	755,011	506,882	2,049,461
1,869,470	1,308,033	720,291	745,429	759,718	752,223
3,820,123	2,185,346	1,577,162	1,890,975	303,954	1,899,019
28,367,252	27,564,377	27,804,108	25,813,878	22,745,825	24,834,985

Schedule 6

Webster County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5884AO50	\$ 102,673
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5885AO50	296,739
			<u>399,412</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5884NU10	1,897
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5885NU10	13,901
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		22,659
			<u>38,457</u>
Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572		<u>1,054</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-15-47-CJ	<u>30,706</u>
U. S. Department of Transportation:			
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 14-402-M0OP, Task 36-70-00	<u>1,431</u>
National Priority Safety Programs	20.616	PAP 14-405b-M1HVE, Task 06-00-00	<u>4,708</u>
U.S. Department of Health and Human Services:			
Elderbridge Agency on Aging, Inc.:			
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	ES04518	2,284
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	B05302	16,776
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	ES05301	10,000
			<u>29,060</u>

Webster County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT60	48,581
Immunization Cooperative Agreements	93.268	5884I480	4,618
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	5885DH16	1,900*
PPHF Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds	93.531	5884HP25	33,774
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5884I480	2,438
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5885I480	5,463
			7,901
Preventive Health and Human Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	5885PHM43	32,259
Maternal and Child Health Services Block Grant to the States	93.994	5884MH31	19,130
Maternal and Child Health Services Block Grant to the States	93.994	5885MH31	110,425
Maternal and Child Health Services Block Grant to the States	93.994	5884CH60	10,053
Maternal and Child Health Services Block Grant to the States	93.994	5885CH60	15,000
Maternal and Child Health Services Block Grant to the States	93.994	5884DH16	4,543
Maternal and Child Health Services Block Grant to the States	93.994	5885DH16	4,667
			163,818

Schedule 6

Webster County

Schedule of Expenditures of Federal Awards

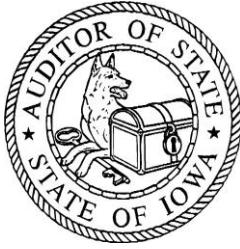
Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Calhoun County Department of Health:			
Centers for Disease Control and Prevention_			
Investigations and Technical Assistance	93.283		1,365*
EyesOpenIowa:			
Temporary Assistance for Needy Families	93.558		62,568
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State			
Administered Programs	93.566		53
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		5,860
Foster Care_Title IV-E	93.658		8,685
Adoption Assistance	93.659		2,737
Social Services Block Grant	93.667		6,955
Children's Health Insurance Program	93.767		139
Medical Assistance Program	93.778		42,681
Federal Emergency Management Agency:			
Iowa Department of Homeland Security and			
Emergency Management:			
Emergency Management Performance Grants	97.042	2009-EM-ES-0019	31,360
Total			\$ 960,082

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Webster County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* Total expended for CFDA number 93.283 was \$3,265.

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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

To the Officials of Webster 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 Webster 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 April 1, 2016.

Internal Control Over Financial Reporting

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

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-15 through II-C-15, we consider to be material weaknesses.

Compliance and Other Matters

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

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


Webster County's Responses to the Findings


Webster County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Webster 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 Webster County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

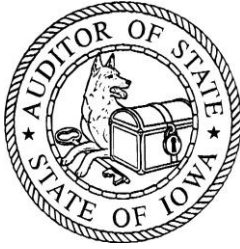

MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 1, 2016

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

Webster County



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

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

To the Officials of Webster County:

Report on Compliance for Each Major Federal Program

We have audited Webster County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Webster County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Webster County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Webster County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Webster County's compliance.

Opinion on Each Major Federal Program

In our opinion, Webster County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.


Report on Internal Control Over Compliance


The management of Webster County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Webster County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Webster County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 1, 2016

Webster County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no instances of non-compliance which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children.
 - CFDA Number 93.994 – Maternal and Child Health Services Block Grant to the States.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Webster County did not qualify as a low-risk auditee.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	County Recorder and County Treasurer
(2) Bank reconciliations are not prepared by someone who doesn’t sign checks, handle or record cash.	County Recorder
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	County Treasurer and County Recorder
(4) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	County Recorder, County Sheriff and County Treasurer
(5) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	County Recorder and County Sheriff
(6) All individuals in the motor vehicle department have the ability to void receipts in ARTS (DOT system), including individuals who perform daily balancing. No independent review of voided receipts is performed.	County Treasurer

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

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Responses –

County Treasurer – With the new reorganization of the office I’m hoping to get these details that need attention worked out with the employees, always trying to get these matters in order as soon as possible.

County Recorder – The staff is cross-trained on most duties and will continue to work on your recommendations.

County Sheriff –

(4) Due to our current staffing, we cannot segregate these duties any more than we do at the current time.

(5) Due to staffing, we have the same issue as above. We do require dual signatures on all checking accounts.

Conclusions –

County Treasurer and County Recorder – Responses accepted.

County Sheriff – Responses acknowledged. In those instances where duties cannot currently be segregated using current employees, the Sheriff should consider arranging for an employee from another office to perform the duties necessary to segregate duties.

II-B-15 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset/infrastructure additions and deletions not properly recorded in the County’s financial statements, including an omitted prior year payable in the Special Revenue, Mental Health Fund. In addition, the County did not properly record tax increment financing (TIF) interfund advances in the prior year. Adjustments and beginning balance restatements were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, interfund advances and capital asset/infrastructure additions and deletions are identified and properly reported in the County’s financial statements.

Response – The County will enhance its procedures for receivables, payables, interfund advances and capital asset/infrastructure reporting to ensure all items are identified.

Conclusion – Response accepted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

II-C-15 Current Tax Reconciliation – Although a current tax reconciliation by tax district was prepared, the collections were not properly reconciled to the amounts to be collected per the tax abstract.

Recommendation – A current tax reconciliation should be prepared balancing the tax collections to the amounts to be collected per the tax abstract.

Response – We are resolving this issue, trying to ensure the current tax reconciliation is balanced.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Webster County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.
- IV-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-15 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-15 Business Transactions – No business transactions between the County and County officials or employees were noted.
- IV-E-15 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-15 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-15 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-15 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1, 2014. However, the amount reported as TIF debt outstanding was understated by \$585,728, primarily due to reporting debt outstanding at June 30, 2014 rather than June 30, 2013.

Recommendation – The County should ensure the amount reported as TIF debt outstanding agrees with the County’s records.

Response – The County will ensure the amount reported agrees with County records.

Conclusion – Response accepted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

IV-J-15 Financial Condition – At June 30, 2015, the Special Revenue, Urban Renewal Tax Increment Financing Fund had a deficit fund balance of \$368,741.

Recommendation – The County should investigate alternatives to eliminate this deficit balance.

Response – The County has certified the advances from other funds as TIF debt. The advances will be repaid with the collection of future TIF revenues.

Conclusion – Response accepted.

IV-K-15 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.

The same person who collects receipts, prepares the deposit and the bank reconciliation. No initial listing of receipts is prepared by the mail opener.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Extension Office should review its control activities to obtain the maximum internal control possible under the circumstances. The County Extension Office should utilize current personnel, including Council members, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be documented by the reviewer's signature or initials and the date of review.

Response – We are aware segregation of duties is very important and have strengthened Council monitoring and implemented additional procedures to help mitigate any financial losses.


Conclusion – Response accepted.

Webster County

Staff

This audit was performed by:

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