



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

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NEWS RELEASE

FOR RELEASE

April 3, 2017

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

The County had local tax revenue of \$18,626,474 for the year ended June 30, 2016, which included \$1,427,682 in tax credits from the state. The County forwarded \$12,669,714 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,956,760 of the local tax revenue to finance County operations, a 3.2% increase over the prior year. Other revenues included charges for service of \$715,377, operating grants, contributions and restricted interest of \$4,130,680, capital grants, contributions and restricted interest of \$2,931,512, local option sales tax of \$360,583, unrestricted investment earnings of \$85,604 and other general revenues of \$83,579.

Expenses for County operations for the year ended June 30, 2016 totaled \$10,647,731, a 2.1% decrease from the prior year. Expenses included \$5,442,374 for roads and transportation, \$1,715,068 for public safety and legal services and \$1,451,628 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1610-0067-B00F>.

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MONONA COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

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Monona County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brady Hanson	Board of Supervisors	Jan 2017
Tom Brouillette	Board of Supervisors	Jan 2019
Michael Collison	Board of Supervisors	Jan 2019
Marilyn Kelley	County Auditor	Jan 2017
Laura Oliver	County Treasurer	Jan 2019
Tena L. Hinkel	County Recorder	Jan 2019
Jeffrey R. Pratt	County Sheriff	Jan 2017
Ian McConeghey	County Attorney	Jan 2019
Tim Peters	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Monona County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monona County as of June 30, 2016, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 50 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monona County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2017 on our consideration of Monona County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Monona County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

March 27, 2017

Monona County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monona County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- The County's governmental activities revenues decreased 11.7%, or approximately \$1,887,000, from fiscal year 2015 to fiscal year 2016. Capital grants and contributions decreased approximately \$1,985,000, operating grants and contributions increased approximately \$167,000, charges for service increased approximately \$19,000 and property tax increased approximately \$105,000.
- The County's governmental activities expenses decreased approximately \$226,000 from fiscal year 2015 to fiscal year 2016.
- The County's net position increased 11.6%, or approximately \$3,617,000, over the June 30, 2015 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 Monona County as a whole and present an overall view of the County's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, 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 soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Monona County's combined net position increased from a year ago, increasing from approximately \$31.2 million to approximately \$34.8 million. The analysis that follows focuses on the changes in the net position of governmental activities.

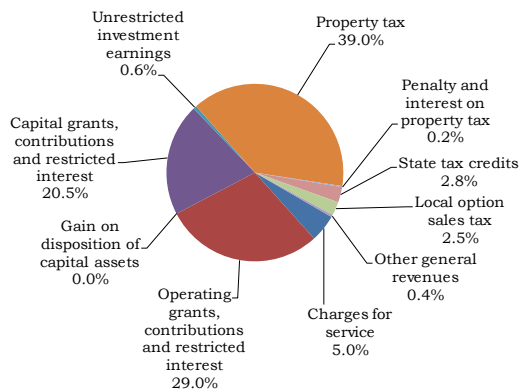
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2016	2015
Current and other assets	\$ 16,086	15,004
Capital assets	27,170	24,440
Total assets	43,256	39,444
Deferred outflows of resources	478	455
Long-term liabilities	2,373	2,000
Other liabilities	552	220
Total liabilities	2,925	2,220
Deferred inflows of resources	6,010	6,497
Net position:		
Net investment in capital assets	27,170	24,396
Restricted	7,597	7,034
Unrestricted	32	(248)
Total net position	\$ 34,799	31,182

Net position of Monona County's governmental activities increased 11.6% (approximately \$34.8 million compared to approximately \$31.2 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position increased approximately \$563,000 over the prior year. Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — increased from a deficit of approximately \$248,000 at June 30, 2015 to approximately \$32,000 at the end of this year.

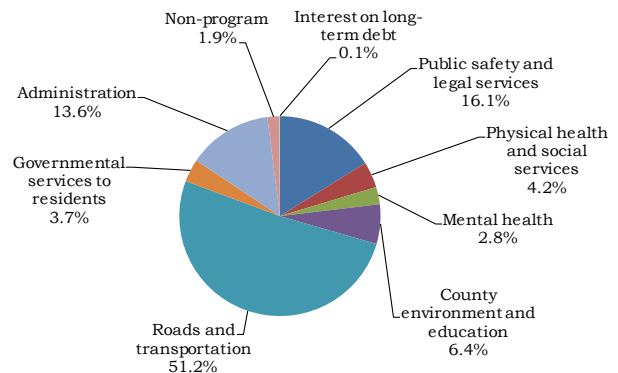
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2016	2015
Revenues:		
Program revenues:		
Charges for service	\$ 715	696
Operating grants, contributions and restricted interest	4,131	3,964
Capital grants, contributions and restricted interest	2,931	4,916
General revenues:		
Property tax	5,562	5,457
Penalty and interest on property tax	32	34
State tax credits	395	317
Local option sales tax	361	365
Unrestricted investment earnings	86	63
Gain on disposition of capital assets	1	210
Other general revenues	50	129
Total revenues	14,264	16,151
Program expenses:		
Public safety and legal services	1,715	1,633
Physical health and social services	451	407
Mental health	301	598
County environment and education	678	732
Roads and transportation	5,442	5,515
Governmental services to residents	393	425
Administration	1,452	1,409
Non-program	205	144
Interest on long-term debt	10	10
Total expenses	10,647	10,873
Change in net position	3,617	5,278
Net position beginning of year	31,182	25,904
Net position end of year	\$ 34,799	31,182

Revenues by Source



Expenses by Function



Monona County's governmental activities net position increased approximately \$3,617,000 during the year. Revenues for governmental activities decreased approximately \$1,887,000 over the prior year, with operating grants and contributions increasing approximately \$167,000. The County's capital grants and contributions decreased approximately \$1,985,000 and property tax increased approximately \$105,000. The decrease in capital grants and contributions related to the roads and transportation function primarily due to less resources received from the Iowa Department of Transportation. During fiscal year 2015, County Highway E-34 was repaved with farm to market resources from the Iowa Department of Transportation. During fiscal year 2016, projects started in the prior year were completed.

Overall property tax rates remained the same for fiscal year 2016. Taxable valuation increased 2.22%. This resulted in an increase in the County's property tax revenue of approximately \$105,000 in fiscal year 2016.

The cost of all governmental activities this year was approximately \$10.6 million compared to approximately \$10.9 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was \$2,870,162 because some of the cost was paid by those directly benefited from the programs (\$715,377 this year compared to \$695,928 last year) or by other governments and organizations which subsidized certain programs with grants and contributions (\$7,062,192 this year compared to \$8,879,999 last year). The County paid for the remaining "public benefit" portion of governmental activities with property tax and other revenues, such as local option sales tax and interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$8.3 million, similar to last year's total of approximately \$8.3 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ending fund balance increased approximately \$148,000, or 5.8%, over the prior year. Overall revenues increased approximately \$219,000, or 5.0%, while expenditures increased approximately \$121,000, or 2.8%. Revenues increased primarily due to an increase in the property tax valuation.

The Special Revenue, Mental Health Fund balance increased approximately \$3,000 over the prior year to approximately \$60,000. Mental health revenues decreased approximately \$74,000, or 19.6%, while expenditures decreased approximately \$297,000. The decrease in revenue and decrease in expenditures was primarily due to participating in the jointly governed organization to provide mental health services which became effective July 1, 2014. The mental health levy rate decreased in fiscal year 2016. Expenditures during fiscal year 2015 included remitting funds to the new region.

The Special Revenue, Rural Services Fund balance increased approximately \$194,000, or 29.6%, over the prior year. Rural Services Fund revenues increased approximately \$81,000, or 4.2%, primarily due to an increase in property tax valuation. Rural Services Fund expenditures decreased approximately \$26,000, or 8.6%, with the county environment and education function decreasing \$23,504.

The Special Revenue, Secondary Roads Fund balance decreased approximately \$320,000, or 6.7%, from the prior year. Revenues increased approximately \$322,000, or 8.2%, over the prior year. Secondary Roads Fund expenditures increased approximately \$483,000, or 8.6%, over the prior year, due primarily to road projects and equipment purchases.

BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget one time. The amendment was approved on April 12, 2016 and resulted in an increase of \$30,500 in budgeted disbursements for the public safety and legal services function for jail plumbing alterations.

The County's overall receipts were approximately \$1,069,000 less than budgeted while disbursements were approximately \$2,247,000 less than the amended budget. Intergovernmental receipts were approximately \$960,000 less than budgeted. This variance is primarily due to the Whiting Road Project funding not being received as the project was delayed. Capital projects function disbursements were approximately \$1,314,000 less than budgeted due to lower disbursements related to projects included in the budget. Roads and transportation function disbursements were approximately \$225,000 less than budgeted due to lower than anticipated fuel costs and maintenance expenses. Administration and public safety and legal services function disbursements were less than budgeted by approximately \$214,000 and approximately \$176,000, respectively, due to less payroll related disbursements incurred and various lower actual disbursements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, Monona County had approximately \$27.2 million invested 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 \$2,730,000, or 11.2%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2016	2015
Land	\$ 275	275
Construction in progress, road network	817	1,038
Construction in progress, other	69	107
Buildings and improvements	2,216	2,310
Equipment and vehicles	4,322	3,902
Infrastructure	19,471	16,808
Total	\$ 27,170	24,440

The County had depreciation expense of \$1,419,552 in fiscal year 2016 and total accumulated depreciation of \$13,854,392 at June 30, 2016.

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

Long-Term Debt

At June 30, 2016, Monona County had approximately \$78,000 of debt outstanding, compared to approximately \$120,000 at June 30, 2015, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2016	2015
General obligation visitor center note	\$ -	44
Drainage warrants	78	76
Total	\$ 78	120

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2017 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2017 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2017	2016	Percentage Change
	Dollars Certified	Dollars Certified	
General basic levy	\$ 2,366,316	2,206,534	7.24%
General supplemental levy	1,354,412	1,281,669	5.68%
Mental health levy	203,794	296,438	-31.25%
Rural services basic levy	1,985,972	1,987,237	-0.06%
Debt service levy	-	45,291	-100.00%
Total	\$ 5,910,494	5,817,169	1.60%

Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2017 and fiscal year 2016 are as follows:

	2017	2016	Percentage
			Change
General basic levy	\$ 3.50000	3.50000	0.00%
General supplemental levy	2.00330	2.03298	-1.46%
Mental health levy	0.30143	0.47021	-35.89%
Rural services basic levy	3.76486	3.95000	-4.69%
Debt service levy	-	0.07097	-100.00%
Total	\$ 9.56959	10.02416	-4.53%

Budgeted disbursements in the fiscal year 2017 budget are \$14,535,272, a 9.4% increase over the fiscal year 2016 final amended budgeted disbursements. The countywide taxable valuation increased approximately \$46.3 million. Monona County has not added any major programs to the fiscal year 2017 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,167,123 by the close of fiscal year 2017.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Monona County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monona County Auditor's Office, 620 Iowa Avenue, Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at mocoaud1@longlines.com.

Basic Financial Statements

Exhibit A

Monona County
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 7,567,885
Health Plan Trustee	157,889
Receivables:	
Property tax:	
Delinquent	2,505
Succeeding year	5,663,000
Interest and penalty on property tax	3,760
Accounts	50,203
Accrued interest	24,880
Drainage assessments	179,049
Due from other governments	1,476,453
Inventories	641,591
Prepaid expense	319,206
Capital assets, net of accumulated depreciation	27,169,713
Total assets	<u>43,256,134</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>477,805</u>
Liabilities	
Accounts payable	493,288
Due to other governments	59,416
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	142,551
Portion due or payable after one year:	
Drainage warrants	78,276
Compensated absences	26,996
Net pension liability	2,096,244
Net OPEB liability	28,599
Total liabilities	<u>2,925,370</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	5,663,000
Pension related deferred inflows	<u>346,875</u>
Total deferred inflows of resources	<u>6,009,875</u>
Net Position	
Net investment in capital assets	27,169,713
Restricted for:	
Supplemental levy purposes	846,387
Mental health purposes	59,885
Rural services purposes	851,184
Secondary roads purposes	5,479,626
Drainage purposes	205,271
Debt service	1,471
Other purposes	153,311
Unrestricted	31,846
Total net position	<u>\$ 34,798,694</u>

See notes to financial statements.

Monona County
Statement of Activities
Year ended June 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,715,068	125,942	4,481	-	(1,584,645)
Physical health and social services	450,918	12,178	294,032	-	(144,708)
Mental health	300,984	-	-	-	(300,984)
County environment and education	678,539	57,580	15,059	-	(605,900)
Roads and transportation	5,442,374	31,193	3,804,408	2,931,512	1,324,739
Governmental services to residents	393,399	181,367	-	-	(212,032)
Administration	1,451,628	163,625	12,700	-	(1,275,303)
Non-program	205,117	143,492	-	-	(61,625)
Interest on long-term debt	9,704	-	-	-	(9,704)
Total	\$ 10,647,731	715,377	4,130,680	2,931,512	(2,870,162)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,518,880
Debt service					43,071
Penalty and interest on property tax					32,488
State tax credits					394,809
Local option sales tax					360,583
Unrestricted investment earnings					85,604
Gain on disposition of capital assets					1,500
Miscellaneous					49,591
Total general revenues					6,486,526
Change in net position					3,616,364
Net position beginning of year					31,182,330
Net position end of year					\$ 34,798,694

See notes to financial statements.

Monona County
Balance Sheet
Governmental Funds

June 30, 2016

	Special Revenue		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 2,532,774	59,725	847,610
Receivables:			
Property tax:			
Delinquent	1,880	160	441
Succeeding year	3,547,000	194,000	1,922,000
Interest and penalty on property tax	3,760	-	-
Accounts	48,279	-	-
Accrued interest	4,636	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	67,532	-	-
Inventories	-	-	-
Prepaid expenditures	160,087	-	3,209
Total assets	\$ 6,365,948	253,885	2,773,260
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 39,761	-	76
Due to other governments	42,474	-	-
Total liabilities	82,235	-	76
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,547,000	194,000	1,922,000
Other	22,294	160	441
Total deferred inflows of resources	3,569,294	194,160	1,922,441
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	160,087	-	3,209
Restricted for:			
Supplemental levy purposes	749,970	-	-
Mental health purposes	-	59,725	-
Rural services purposes	-	-	847,534
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	65,688	-	-
Debt service	-	-	-
Other purposes	6,345	-	-
Assigned for:			
Jail/correction services	87,763	-	-
Drug enforcement related purposes	19,397	-	-
Courthouse heating and cooling purposes	150,000	-	-
Soil and water conservation purposes	42,113	-	-
Unassigned	1,433,056	-	-
Total fund balances	2,714,419	59,725	850,743
Total liabilities, deferred inflows of resources and fund balances	\$ 6,365,948	253,885	2,773,260

See notes to financial statements.

<u>Secondary</u>		
<u>Roads</u>	<u>Nonmajor</u>	<u>Total</u>
3,802,315	186,225	7,428,649
-	24	2,505
-	-	5,663,000
-	-	3,760
1,924	-	50,203
-	20,244	24,880
-	142,108	142,108
-	36,941	36,941
1,408,921	-	1,476,453
641,591	-	641,591
155,910	-	319,206
<u>6,010,661</u>	<u>385,542</u>	<u>15,789,296</u>
445,835	7,616	493,288
5,312	11,630	59,416
<u>451,147</u>	<u>19,246</u>	<u>552,704</u>
-	-	5,663,000
1,080,201	179,073	1,282,169
<u>1,080,201</u>	<u>179,073</u>	<u>6,945,169</u>
641,591	-	641,591
155,910	-	319,206
-	-	749,970
-	-	59,725
-	-	847,534
3,681,812	-	3,681,812
-	104,498	104,498
-	-	65,688
-	1,447	1,447
-	81,278	87,623
-	-	87,763
-	-	19,397
-	-	150,000
-	-	42,113
-	-	1,433,056
<u>4,479,313</u>	<u>187,223</u>	<u>8,291,423</u>
<u>6,010,661</u>	<u>385,542</u>	<u>15,789,296</u>

Monona County

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

June 30, 2016

Total governmental fund balances (page 21) \$ 8,291,423

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 capital assets is \$41,024,105 and the accumulated depreciation is \$13,854,392. 27,169,713

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 1,282,169

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 297,125

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	\$ 477,805	
Deferred Inflows of resources	<u>(346,875)</u>	130,930

Long-term liabilities, including drainage warrants payable, other postemployment benefits payable, net pension liability and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (2,372,666)

Net position of governmental activities (page 18) \$ 34,798,694

See notes to financial statements.

Monona County

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

Year ended June 30, 2016

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 3,317,107	281,898	1,919,659
Local option sales tax	-	-	-
Interest and penalty on property tax	32,488	-	-
Intergovernmental	763,321	22,458	104,672
Licenses and permits	10,279	-	-
Charges for service	247,568	-	-
Use of money and property	156,638	-	-
Miscellaneous	54,975	-	-
Total revenues	<u>4,582,376</u>	<u>304,356</u>	<u>2,024,331</u>
Expenditures:			
Operating:			
Public safety and legal services	1,667,174	-	98,684
Physical health and social services	461,785	-	-
Mental health	-	300,992	-
County environment and education	485,669	-	176,410
Roads and transportation	-	-	-
Governmental services to residents	391,992	-	3,719
Administration	1,420,508	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	22,800	-	-
Total expenditures	<u>4,449,928</u>	<u>300,992</u>	<u>278,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132,448</u>	<u>3,364</u>	<u>1,745,518</u>
Other financing sources (uses):			
Transfers in	15,659	-	-
Transfers out	-	-	(1,551,110)
Drainage warrant proceeds	-	-	-
Total other financing sources (uses)	<u>15,659</u>	<u>-</u>	<u>(1,551,110)</u>
Change in fund balances	148,107	3,364	194,408
Fund balances beginning of year	<u>2,566,312</u>	<u>56,361</u>	<u>656,335</u>
Fund balances end of year	<u>\$ 2,714,419</u>	<u>59,725</u>	<u>850,743</u>

See notes to financial statements.

Secondary		
Roads	Nonmajor	Total
-	43,067	5,561,731
360,583	-	360,583
-	-	32,488
3,834,113	17,746	4,742,310
1,975	-	12,254
-	1,645	249,213
-	258	156,896
38,239	140,948	234,162
4,234,910	203,664	11,349,637
-	-	1,765,858
-	-	461,785
-	-	300,992
-	1,534	663,613
5,253,867	-	5,253,867
-	1,945	397,656
-	-	1,420,508
-	166,778	166,778
-	217,098	217,098
836,577	-	859,377
6,090,444	387,355	11,507,532
(1,855,534)	(183,691)	(157,895)
1,535,451	-	1,551,110
-	-	(1,551,110)
-	165,867	165,867
1,535,451	165,867	165,867
(320,083)	(17,824)	7,972
4,799,396	205,047	8,283,451
4,479,313	187,223	8,291,423

Monona County

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

Year ended June 30, 2016

Net change in fund balances - Total governmental funds (page 25) \$ 7,972

**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	\$ 1,881,184	
Capital assets contributed by the Iowa Department of Transportation	2,266,958	
Depreciation expense	<u>(1,419,552)</u>	2,728,590

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. 1,500

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	220	
Other	<u>605,353</u>	605,573

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	(165,867)	
Repaid	<u>207,394</u>	41,527

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 370,681

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	4,989	
Other postemployment benefits	(1,842)	
Pension expense	<u>(175,972)</u>	(172,825)

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 33,346

Change in net position of governmental activities (page 19) \$ 3,616,364

See notes to financial statements.

Monona County
 Statement of Net Position
 Proprietary Fund
 June 30, 2016

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents:	
County Treasurer	\$ 139,236
Health Plan Trustee	157,889
Total assets	297,125
Liabilities	
None	-
Net Position	
Unrestricted	\$ 297,125

See notes to financial statements.

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

Year ended June 30, 2016

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,023,173
Reimbursements from employees and others	<u>171,578</u>
Total operating revenues	1,194,751
Operating expenses:	
Insurance premiums	<u>1,162,427</u>
Operating income	32,324
Non-operating revenues:	
Interest income	<u>1,022</u>
Net income	33,346
Net position beginning of year	<u>263,779</u>
Net position end of year	<u><u>\$ 297,125</u></u>

See notes to financial statements.

Monona County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2016

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 1,023,173
Cash received from employees and others	171,578
Cash received from other governments	1,367
Cash paid to suppliers for services	(1,162,427)
Net cash provided by operating activities	33,691
Cash flows from investing activities:	
Interest on investments	1,022
Net increase in cash and cash equivalents	34,713
Cash and cash equivalents beginning of year	262,412
Cash and cash equivalents end of year	\$ 297,125
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 32,324
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other governments	1,367
Net cash provided by operating activities	\$ 33,691

See notes to financial statements.

Monona County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

Assets	
Cash and pooled investments:	
County Treasurer	\$ 2,946,668
Other County officials	42,015
Receivables:	
Accounts	12,066
Property tax:	
Delinquent	7,646
Succeeding year	11,646,000
Special assessments	57,372
Drainage assessments:	
Current	108,900
Future	15,889
Due from other governments	<u>160,552</u>
Total assets	<u>14,997,108</u>
Liabilities	
Accounts payable	33,576
Due to other governments	14,916,687
Trusts payable	36,734
Compensated absences	<u>10,111</u>
Total liabilities	<u>14,997,108</u>
Net position	<u><u>\$ -</u></u>

See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

The Statement of Net Position presents the County’s nonfiduciary assets, 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 fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

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

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

Special Assessments Receivable – Special assessments receivable represent the amount due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which have been made but have not been collected.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent source potential. 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 an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Improvements	20 - 50
Infrastructure	10 - 70
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which 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 hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay

in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax 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 IPERS' 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 intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2016 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. 72.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 274,684	-	-	274,684
Construction in progress, road network	1,037,849	3,187,744	(3,408,545)	817,048
Construction in progress, other	107,410	12,016	(50,921)	68,505
Total capital assets not being depreciated	1,419,943	3,199,760	(3,459,466)	1,160,237
Capital assets being depreciated:				
Buildings	3,198,207	50,921	-	3,249,128
Improvements other than buildings	675,492	-	-	675,492
Equipment and vehicles	10,559,627	949,882	(47,560)	11,461,949
Infrastructure, road network	21,068,754	3,408,545	-	24,477,299
Total capital assets being depreciated	35,502,080	4,409,348	(47,560)	39,863,868
Less accumulated depreciation for:				
Buildings	1,088,864	122,683	-	1,211,547
Improvements other than buildings	475,076	21,555	-	496,631
Equipment and vehicles	6,658,035	529,057	(47,560)	7,139,532
Infrastructure, road network	4,260,425	746,257	-	5,006,682
Total accumulated depreciation	12,482,400	1,419,552	(47,560)	13,854,392
Total capital assets being depreciated, net	23,019,680	2,989,796	-	26,009,476
Governmental activities capital assets, net	\$ 24,439,623	6,189,556	(3,459,466)	27,169,713

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 66,924
County environment and education		17,177
Roads and transportation		1,245,055
Governmental services to residents		7,448
Administration		<u>82,948</u>
Total depreciation expense - governmental activities		<u>\$ 1,419,552</u>

(4) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

Fund	Description	Amount
General	Services	\$ 42,474
Special Revenue:		
Secondary Roads	Services	5,312
Drainage Districts	Collections	<u>11,630</u>
		<u>16,942</u>
Total for governmental funds		<u>\$ 59,416</u>
Agency:		
County Offices	Collections	\$ 5,281
Agricultural Extension Education		185,275
County Assessor		674,833
Schools		8,484,122
Community Colleges		497,318
Corporations		1,996,821
Townships		235,750
Special Assessments		57,781
Auto License and Use Tax		271,652
Drainage Districts		1,887,862
Other		<u>619,992</u>
Total for agency funds		<u>\$ 14,916,687</u>

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Rural Services	\$ 15,659
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>1,535,451</u>
Total		<u>\$ 1,551,110</u>

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

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Note	Drainage Warrants	Compen- sated Absences	Net Pension Liability	Other Post- employment Benefits	Total
Balance beginning of year	\$ 44,000	75,803	174,536	1,678,767	26,757	1,999,863
Increases	-	165,867	192,239	417,477	17,696	793,279
Decreases	44,000	163,394	197,228	-	15,854	420,476
Balance end of year	\$ -	78,276	169,547	2,096,244	28,599	2,372,666
Due within one year	\$ -	-	142,551	-	-	142,551

General Obligation Note

On December 15, 2005, the County issued a \$400,000 general obligation note to evidence its obligation under a loan agreement entered into in a prior year for the purpose of providing funds to pay a portion of the cost of constructing, furnishing and equipping the Lewis and Clark Visitor Center. The proceeds of the general obligation note were used in December 2005 to redeem the outstanding loan. During the year ended June 30, 2016 the County paid off the remaining general obligation note outstanding.

Drainage Warrants

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

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

(7) 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 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2016 were \$266,707.

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, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded 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 \$200,000, 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.

(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, PO 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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 – 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 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, 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 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 were \$370,681.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the County reported a liability of \$2,096,244 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the County's collective proportion was 0.0424299%, which was an increase of 0.0000999% from its collective proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$175,972. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,697	22,223
Changes of assumptions	57,761	14,319
Net difference between projected and actual earnings on IPERS' investments	-	232,335
Changes in proportion and differences between County contributions and its proportionate share of contributions	17,666	77,998
County contributions subsequent to the measurement date	370,681	-
Total	\$ 477,805	346,875

\$370,681 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, 2017. 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
2017	\$ (111,040)
2018	(111,040)
2019	(111,040)
2020	97,009
2021	(3,640)
Total	\$ (239,751)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 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.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 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
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
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	\$ 4,183,490	2,096,244	336,124

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical benefits for employees and retirees and their spouses. There are 85 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 18,976
Interest on net OPEB obligation	1,070
Adjustment to annual required contribution	<u>(2,350)</u>
Annual OPEB cost	17,696
Contributions made	<u>(15,854)</u>
Increase in net OPEB obligation	1,842
Net OPEB obligation beginning of year	<u>26,757</u>
Net OPEB obligation end of year	<u><u>\$ 28,599</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the County contributed \$15,854 to the health plan. Plan members eligible for benefits contributed \$26,947, or 63% 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
2014	\$ 11,246	110%	\$ 24,914
2015	17,697	90	26,757
2016	17,696	90	28,599

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was approximately \$122,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$122,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,589,000 and the ratio of the UAAL to covered payroll was 3.4%. As of June 30, 2016, there were no trust fund assets.

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

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

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

Mortality rates are from the SOA RP-2014 Total Dataset Mortality with scale MP-2014, headcount weighted. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the health plan are \$1,117 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Employee Health Insurance Plan

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

The cash balance of the Monona County Health Care Plan was \$157,889 at June 30, 2016.

(11) County Financial Information Included in the Southwest Iowa MHDS Region

Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 1, 2014, includes the following member counties: Cass County, Fremont County, Harrison County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County and Shelby County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2016, as follows:

Revenues:	
Property and other county tax	\$ 281,898
Intergovernmental revenues:	
State tax credits	22,458
Total revenues	<u>304,356</u>
Expenditures:	
Services to persons with mental illness	177
Distribution to regional fiscal agent	300,815
Total expenditures	<u>300,992</u>
Excess of expenditures over revenues	3,364
Fund balance beginning of the year	56,361
Fund balance end of the year	<u>\$ 59,725</u>

(12) New Accounting Pronouncement

The County adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

Required Supplementary Information

Monona County

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

Required Supplementary Information

Year ended June 30, 2016

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 5,920,571	-	5,920,571
Interest and penalty on property tax	32,488	-	32,488
Intergovernmental	4,772,512	-	4,772,512
Licenses and permits	12,234	-	12,234
Charges for service	249,757	-	249,757
Use of money and property	240,987	-	240,987
Miscellaneous	270,296	161,219	109,077
Total receipts	<u>11,498,845</u>	<u>161,219</u>	<u>11,337,626</u>
Disbursements:			
Public safety and legal services	1,761,169	-	1,761,169
Physical health and social services	465,119	-	465,119
Mental health	300,992	-	300,992
County environment and education	664,428	-	664,428
Roads and transportation	5,168,151	-	5,168,151
Governmental services to residents	397,402	-	397,402
Administration	1,416,210	-	1,416,210
Non-program	165,867	165,867	-
Debt service	217,098	171,118	45,980
Capital projects	820,734	-	820,734
Total disbursements	<u>11,377,170</u>	<u>336,985</u>	<u>11,040,185</u>
Excess (deficiency) of receipts over (under) disbursements	121,675	(175,766)	297,441
Other financing sources, net	174,167	165,867	8,300
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	295,842	(9,899)	305,741
Balance beginning of year	7,132,807	113,399	7,019,408
Balance end of year	<u>\$ 7,428,649</u>	<u>103,500</u>	<u>7,325,149</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
6,093,061	6,093,061	(172,490)
23,600	23,600	8,888
5,732,136	5,732,136	(959,624)
8,100	8,100	4,134
218,925	218,925	30,832
199,606	199,606	41,381
131,590	131,590	(22,513)
<u>12,407,018</u>	<u>12,407,018</u>	<u>(1,069,392)</u>
1,906,512	1,937,012	175,843
533,984	533,984	68,865
300,993	300,993	1
807,633	807,633	143,205
5,393,165	5,393,165	225,014
503,175	503,175	105,773
1,630,182	1,630,182	213,972
-	-	-
45,980	45,980	-
<u>2,134,600</u>	<u>2,134,600</u>	<u>1,313,866</u>
<u>13,256,224</u>	<u>13,286,724</u>	<u>2,246,539</u>
(849,206)	(879,706)	1,177,147
-	-	8,300
(849,206)	(879,706)	1,185,447
5,390,369	5,390,369	1,629,039
<u>4,541,163</u>	<u>4,510,663</u>	<u>2,814,486</u>

Monona County

Monona County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2016

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 11,498,845	(149,208)	11,349,637
Expenditures	11,377,170	130,362	11,507,532
Net	121,675	(279,570)	(157,895)
Other financing sources, net	174,167	(8,300)	165,867
Beginning fund balances	7,132,807	1,150,644	8,283,451
Ending fund balances	\$ 7,428,649	862,774	8,291,423

See accompanying independent auditor's report.

Monona County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2016

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$30,500. 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 E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted.

Monona County

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

Iowa Public Employees' Retirement System
For the Last Two Years*
(In Thousands)

Required Supplementary Information

	2016	2015
County's proportion of the net pension liability	0.0424299%	0.0423300%
County's proportionate share of the net pension liability	\$ 2,096	1,679
County's covered-employee payroll	\$ 3,558	3,524
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.91%	47.64%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Monona County

Schedule of County Contributions

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

Required Supplementary Information

	2016	2015	2014	2013
Statutorily required contribution	\$ 371	341	337	316
Contributions in relation to the statutorily required contribution	(371)	(341)	(337)	(316)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered-employee payroll	\$ 3,693	3,558	3,524	3,378
Contributions as a percentage of covered-employee payroll	10.05%	9.58%	9.56%	9.35%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
303	272	257	230	208	200
(303)	(272)	(257)	(230)	(208)	(200)
-	-	-	-	-	-
3,441	3,511	3,536	3,310	3,214	3,181
8.81%	7.75%	7.27%	6.95%	6.47%	6.29%

Monona County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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.

Legislative action in 2008 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.

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 the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

Monona County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2010	Jul 1, 2009	-	\$ 163	163	0.0%	3,592	4.5%
2011	Jul 1, 2009	-	175	175	0.0	3,657	4.8
2012	Jul 1, 2011	-	107	107	0.0	3,664	2.9
2013	Jul 1, 2011	-	107	107	0.0	3,664	2.9
2014	Jul 1, 2011	-	107	107	0.0	3,664	2.9
2015	Jul 1, 2014	-	122	122	0.0	3,589	3.4
2016	Jul 1, 2014	-	122	122	0.0	3,589	3.4

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

See accompanying independent auditor's report.

Monona County

Supplementary Information

Monona County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2016

	Resource Enhancement and Protection	County Recorder's Records Management
Assets		
Cash, cash equivalents and pooled investments	\$ 31,664	35,941
Receivables:		
Property tax:		
Delinquent	-	-
Accrued interest	-	-
Drainage assessments:		
Current	-	-
Future	-	-
Total assets	\$ 31,664	35,941
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ -	-
Due to other governments	-	-
Total liabilities	-	-
Deferred inflows of resources:		
Unavailable revenues:		
Other	-	-
Fund balances:		
Restricted for:		
Drainage purposes	-	-
Debt service	-	-
Other purposes	31,664	35,941
Total fund balances	31,664	35,941
Total liabilities, deferred inflows of resources and fund balances	\$ 31,664	35,941

See accompanying independent auditor's report.

Special Revenue						
County						
Recorder's	Conservation	Drainage	Archer	Debt		
Electronic	Trust	Districts	Trust	Service		Total
Transaction Fee						
312	5,499	103,500	7,862	1,447		186,225
-	-	-	-	24		24
-	-	20,244	-	-		20,244
-	-	142,108	-	-		142,108
-	-	36,941	-	-		36,941
312	5,499	302,793	7,862	1,471		385,542
-	-	7,616	-	-		7,616
-	-	11,630	-	-		11,630
-	-	19,246	-	-		19,246
-	-	179,049	-	24		179,073
-	-	104,498	-	-		104,498
-	-	-	-	1,447		1,447
312	5,499	-	7,862	-		81,278
312	5,499	104,498	7,862	1,447		187,223
312	5,499	302,793	7,862	1,471		385,542

Monona County

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

Year ended June 30, 2016

	Resource Enhancement and Protection	County Recorder's Records Management	Special County Recorder's Electronic Transaction Fee
Revenues:			
Property tax	\$ -	-	-
Intergovernmental	14,327	-	-
Charges for service	-	1,645	-
Use of money and property	106	152	-
Miscellaneous	-	-	-
Total revenues	14,433	1,797	-
Expenditures:			
Operating:			
County environment and education	1,534	-	-
Governmental services to residents	-	1,945	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	1,534	1,945	-
Excess (deficiency) of revenues over (under) expenditures	12,899	(148)	-
Other financing sources:			
Drainage warrant proceeds	-	-	-
Change in fund balances	12,899	(148)	-
Fund balances beginning of year	18,765	36,089	312
Fund balances end of year	\$ 31,664	35,941	312

See accompanying independent auditor's report.

Revenue				
Conservation Trust	Drainage Districts	Archer Trust	Debt Service	Total
-	-	-	43,067	43,067
-	-	-	3,419	17,746
-	-	-	-	1,645
-	-	-	-	258
626	140,322	-	-	140,948
626	140,322	-	46,486	203,664
-	-	-	-	1,534
-	-	-	-	1,945
-	166,778	-	-	166,778
-	171,118	-	45,980	217,098
-	337,896	-	45,980	387,355
626	(197,574)	-	506	(183,691)
-	165,867	-	-	165,867
626	(31,707)	-	506	(17,824)
4,873	136,205	7,862	941	205,047
5,499	104,498	7,862	1,447	187,223

Monona County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,179	297,292	99,744	6,055
Other County officials	42,015	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Property tax:					
Delinquent	-	96	220	4,378	263
Succeeding year	-	183,000	390,000	8,380,000	491,000
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 42,015	185,275	687,512	8,484,122	497,318
Liabilities					
Accounts payable	\$ -	-	3,222	-	-
Due to other governments	5,281	185,275	674,833	8,484,122	497,318
Trusts payable	36,734	-	-	-	-
Compensated absences	-	-	9,457	-	-
Total liabilities	\$ 42,015	185,275	687,512	8,484,122	497,318

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
27,164	2,719	409	271,652	1,779,693	459,761	2,946,668
-	-	-	-	-	-	42,015
-	-	-	-	-	12,066	12,066
2,657	31	-	-	-	1	7,646
1,967,000	233,000	-	-	-	2,000	11,646,000
-	-	57,372	-	-	-	57,372
-	-	-	-	108,900	-	108,900
-	-	-	-	15,889	-	15,889
-	-	-	-	11,630	148,922	160,552
<u>1,996,821</u>	<u>235,750</u>	<u>57,781</u>	<u>271,652</u>	<u>1,916,112</u>	<u>622,750</u>	<u>14,997,108</u>
-	-	-	-	28,250	2,104	33,576
1,996,821	235,750	57,781	271,652	1,887,862	619,992	14,916,687
-	-	-	-	-	-	36,734
-	-	-	-	-	654	10,111
<u>1,996,821</u>	<u>235,750</u>	<u>57,781</u>	<u>271,652</u>	<u>1,916,112</u>	<u>622,750</u>	<u>14,997,108</u>

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2016

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 27,514	170,897	609,583	7,858,493	473,662
Additions:					
Property and other county tax	-	182,599	389,711	8,378,686	490,806
E-911 surcharges	-	-	-	-	-
State tax credits	-	13,431	33,888	627,595	37,166
Electronic transaction fees	-	-	-	-	-
Office fees and collections	347,344	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	96,337	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	443,681	196,030	423,599	9,006,281	527,972
Deductions:					
Agency remittances:					
To other funds	181,451	-	-	-	-
To other governments	177,348	181,652	345,670	8,380,652	504,316
Trusts paid out	70,381	-	-	-	-
Total deductions	429,180	181,652	345,670	8,380,652	504,316
Balances end of year	\$ 42,015	185,275	687,512	8,484,122	497,318

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
1,786,161	231,419	66,936	245,912	1,852,908	539,025	13,862,510
1,960,360	232,701	-	-	-	1,978	11,636,841
-	-	-	-	-	251,549	251,549
308,235	12,401	-	-	-	157	1,032,873
-	-	-	-	-	1,796	1,796
-	-	-	-	-	-	347,344
-	-	-	3,019,776	-	-	3,019,776
-	-	16,198	-	866,199	-	882,397
-	-	-	-	-	-	96,337
-	-	-	-	330,464	164,041	494,505
2,268,595	245,102	16,198	3,019,776	1,196,663	419,521	17,763,418
-	-	-	92,197	-	-	273,648
2,057,935	240,771	25,353	2,901,839	1,133,459	335,796	16,284,791
-	-	-	-	-	-	70,381
2,057,935	240,771	25,353	2,994,036	1,133,459	335,796	16,628,820
1,996,821	235,750	57,781	271,652	1,916,112	622,750	14,997,108

Monona County

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

For the Last Ten Years

	2016	2015	2014	2013
Revenues:				
Property and other county tax	\$ 5,561,731	5,456,613	4,937,622	5,334,059
Local option sales tax	360,583	365,015	371,369	374,454
Interest and penalty on property tax	32,488	34,393	35,923	40,975
Intergovernmental	4,742,310	4,312,456	4,625,041	4,961,929
Licenses and permits	12,254	14,035	13,410	18,055
Charges for service	249,213	247,887	274,063	266,849
Use of money and property	156,896	130,365	246,385	180,563
Miscellaneous	234,162	258,957	345,411	432,936
Total	<u>\$ 11,349,637</u>	<u>10,819,721</u>	<u>10,849,224</u>	<u>11,609,820</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,765,858	1,719,465	1,689,183	1,542,167
Physical health and social services	461,785	427,775	499,065	484,879
Mental health	300,992	598,354	238,336	166,997
County environment and education	663,613	642,075	706,882	556,117
Roads and transportation	5,253,867	5,201,317	4,497,158	6,243,940
Governmental services to residents	397,656	430,172	445,357	396,074
Administration	1,420,508	1,373,921	1,359,072	1,359,773
Non-program	166,778	97,424	88,853	171,333
Debt service	217,098	190,008	319,740	426,856
Capital projects	859,377	464,107	229,373	581,694
Total	<u>\$ 11,507,532</u>	<u>11,144,618</u>	<u>10,073,019</u>	<u>11,929,830</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
2012	2011	2010	2009	2008	2007
4,912,903	4,791,180	4,441,028	4,402,891	4,156,786	3,827,396
354,148	384,895	298,021	328,949	312,547	259,019
41,335	48,625	47,540	36,760	34,794	34,660
5,483,342	4,995,389	5,205,958	5,135,888	4,566,620	4,119,028
17,914	23,441	19,089	15,549	13,291	4,782
261,523	268,682	270,522	258,797	243,990	244,281
180,974	151,351	133,476	172,916	281,898	273,883
323,106	977,271	168,300	293,012	261,580	227,401
11,575,245	11,640,834	10,583,934	10,644,762	9,871,506	8,990,450
1,659,465	1,539,312	1,502,227	1,445,381	1,410,859	1,524,442
588,532	702,058	680,218	665,971	648,216	642,486
1,119,019	943,848	950,776	972,878	947,118	876,352
691,232	579,980	510,339	541,371	484,672	422,869
5,166,391	4,671,066	4,961,380	3,360,561	3,225,385	3,616,304
384,938	349,701	357,417	351,495	317,837	299,698
1,335,272	1,230,200	1,237,514	1,276,578	1,186,945	1,192,533
261,784	289,628	526,954	263,501	198,781	214,719
354,955	499,822	231,557	209,096	293,199	118,219
665,214	460,146	951,371	711,791	713,985	333,017
12,226,802	11,265,761	11,909,753	9,798,623	9,426,997	9,240,639

Monona County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Interior:			
Payments in Lieu of Taxes	15.226		<u>\$ 1,731</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>10,590</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-0067(74)-8J-67	362,520
Highway Planning and Construction	20.205	BROS-0067(75)-8J-67	<u>304,356</u>
			<u>666,876</u>
Iowa Department of Public Safety, Governor's Traffic Safety Bureau:			
National Priority Safety Programs	20.616	PAP 16-405b-M1HVE, Task 05-00-00	<u>2,956</u>
U.S. Environmental Protection Agency:			
Iowa Department of Public Health:			
State Indoor Radon Grants	66.032	5886RC05	<u>2,700</u>
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	5886BT50	32,351
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT467	<u>4,948</u>
			<u>37,299</u>
Immunization Cooperative Agreements	93.268	5885I492	3,417
Immunization Cooperative Agreements	93.268	5886I492	<u>2,436</u>
			<u>5,853</u>

Monona County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2016

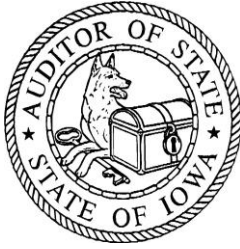
	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance-State			
Administered Programs	93.566		31
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,808
Foster Care - Title IV-E	93.658		3,971
Adoption Assistance	93.659		1,383
Social Services Block Grant	93.667		3,318
Children's Health Insurance Program	93.767		75
Medical Assistance Program	93.778		20,105
Iowa Homeland Security and Management Department:			
Emergency Management Performance Grants	97.042	EMPG-15-PT-67	3,795
Emergency Management Performance Grants	97.042	EMPG-16-PT-68	19,217
			23,012
Total indirect			780,977
Total			\$ 782,708

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Monona County under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Monona County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Monona County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Monona County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

Monona County



OFFICE OF 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 Monona County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2017.

Internal Control Over Financial Reporting

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

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 first paragraph of this section 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 a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item II-A-16, we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monona County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV 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, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Monona County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Monona County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State

March 27, 2017



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Monona County:

Report on Compliance for Each Major Federal Program

We have audited Monona County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2016. Monona County's major federal program is 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 Monona County's major federal program 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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 Monona County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Monona County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.


Report on Internal Control Over Compliance

The management of Monona 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 Monona County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Monona 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 which 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State

March 27, 2017

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was 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 program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Monona County did not qualify as a low-risk auditee.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Part II: Finding Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

II-A-16 Segregation of Duties -

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition - Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

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

Cause - The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Recommendation – 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, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

Treasurer – (1) Departments will rotate daily deposit procedures. (2) A random selection of recorded receipts will be selected daily to reconcile the recorded receipts to the initial listing. (3) Employees separate from those cash receipting will help with the reconciliation of investments.

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

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

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

County Extension – Staff separate duties of opening and approving bills. Two Council members sign checks and initial financial reports. We will have the Supervisor review all deposits and bank statements every month and sign off on them. We already have in place separate duties when it comes to opening and approving bills and have two Council members sign checks. The Program Assistant prints off a monthly voucher report that includes itemized deposits. Supervisor and Extension Council members view and approve report each month.

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

Conclusions –

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

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

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 program were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-16 Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.

IV-B-16 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-16 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-16 Business Transactions – Business transactions between the County and County officials or employees are as follows:

Name, Title and Business Connection	Transaction Description	Amount
Doug Kuhlman, Conservation Director, Owner of Kuhlman Home Improvements	Equipment rental, per bid	\$ 4,336

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, these transactions do not represent a conflict of interest since they were competitively bid.

IV-E-16 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-16 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-16 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-16 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

- IV-I-16 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, 2016 for the County Extension Office did not exceed the amount budgeted.

Monona County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Ryan J. Pithan, CPA, Senior Auditor
Michael Holowinski, Staff Auditor
Preston R. Grygiel, Assistant Auditor
Ian N. Judson, Assistant Auditor
Zachary J. Koziolk, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State