OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE March 30, 2018

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

The County had local tax revenue of $27,574,150 for the year ended June 30, 2017, which included $1,997,742 in tax credits from the state. The County forwarded $19,203,860 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $8,370,290 of the local tax revenue to finance County operations, a 1% decrease from the prior year. Other revenues included charges for service of $1,397,290, operating grants, contributions and restricted interest of $4,880,522, capital grants, contributions and restricted interest of $1,591,404, local option sales tax of $608,649, unrestricted investment earnings of $80,696, insurance recoveries of $162,185, gain on disposition of capital assets of $119,060 and other general revenues of $661,901.

Expenses for County operations for the year ended June 30, 2017 totaled $14,653,811, a 10.3% decrease from the prior year. Expenses included $6,366,767 for roads and transportation, $2,618,687 for public safety and legal services and $1,639,096 for physical health and education.

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/1710-0043-B00F.

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HARRISON COUNTY

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

JUNE 30, 2017

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Harrison County

Officials

(Before January 2017)

Name	Title	Term Expires
Gaylord Pitt	Board of Supervisors	(Deceased May 2016)
Larry King (Appointed)	Board of Supervisors	Nov 2016
Russell G. Kurth	Board of Supervisors	Jan 2019
Walter Utman	Board of Supervisors	Jan 2019
John Straight (Elected Nov 2016)	Board of Supervisors	Jan 2021
Susan E. Bonham	County Auditor	Jan 2017
Shelia Phillips	County Treasurer	Jan 2019
Lorie A. Thompson	County Recorder	Jan 2019
Patrick Sears	County Sheriff	Jan 2017
Jennifer Mumm	County Attorney	Jan 2019
Brenda Loftus	County Assessor	Jan 2022

(After January 2017)

Name	Title	Term Expires
Russell G. Kurth	Board of Supervisors	Jan 2019
Walter Utman	Board of Supervisors	Jan 2019
John Straight	Board of Supervisors	Jan 2021
Susan E. Bonham	County Auditor	Jan 2021
Shelia Phillips	County Treasurer	Jan 2019
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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Officials of Harrison County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Harrison County, Iowa, as of and for the year ended June 30, 2017, 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, the business type activities, each major fund and the aggregate remaining fund information of Harrison County as of June 30, 2017, 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 15 and 54 through 63 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 Harrison 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 six years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the three years ended June 30, 2010 (which are not presented herein) were audited by another auditor who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2018 on our consideration of Harrison 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 solely 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 effectiveness of the County's 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 Harrison County's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 26, 2018

Harrison County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Harrison 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, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 0.8%, or approximately $148,000, from fiscal year 2016 to fiscal year 2017. Operating grants, contributions and restricted interest increased approximately $335,000 while capital grants, contributions and restricted interest decreased approximately $669,000.

- Program expenses of the County's governmental activities were 10.3%, or approximately $1,672,000, less in fiscal year 2017 than in fiscal year 2016. Roads and transportation function expenses decreased approximately $1,790,000 while the public safety and legal services function expenses increased approximately $208,000.

- The County's governmental activities net position increased 7.3%, or approximately $3,238,000, over the June 30, 2016 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 Harrison 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 Harrison 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 Harrison 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 non-major governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, 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, 3) the Debt Service Fund, and 4.) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) A proprietary fund accounts for the County's Enterprise Fund. This fund reports services for which the County charges customers for the service it provides. The proprietary fund is reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary fund and the business type activities included in the government-wide financial statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements. The Enterprise, Water and Wastewater Disposal System Fund is considered to be a major fund of the County. The County is responsible for ensuring the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong.

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 trustee controlled 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

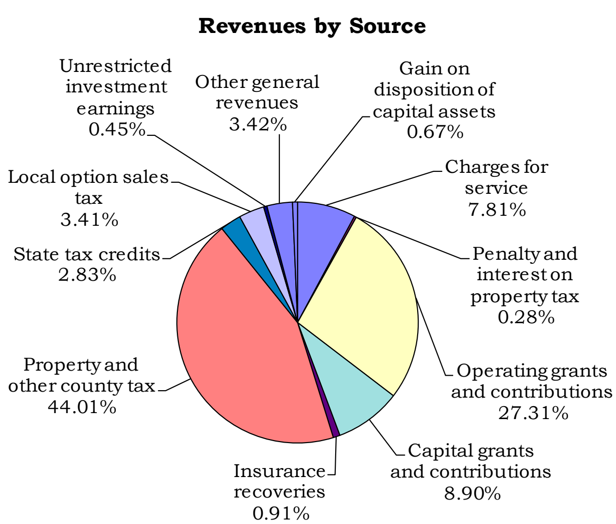
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis which follows focuses on the changes in the net position of governmental and business type activities.

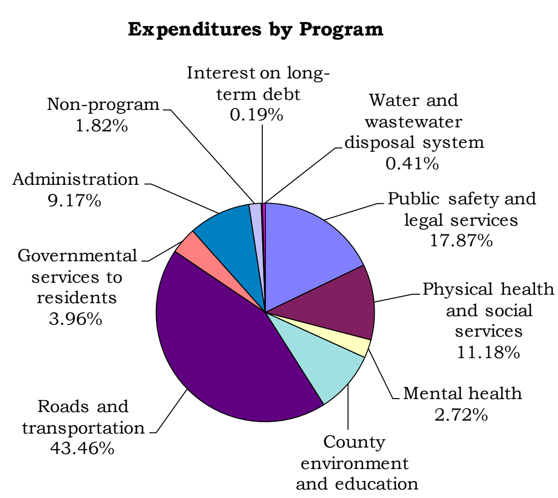
Net Position of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 24,351	23,203	111	112	24,462	23,315
Capital assets	36,887	34,999	2,053	2,084	38,940	37,083
Total assets	61,238	58,202	2,164	2,196	63,402	60,398
Deferred outflows of resources	1,274	593	-	-	1,274	593
Long-term liabilities	6,622	5,766	679	690	7,301	6,456
Other liabilities	295	371	-	-	295	371
Total liabilities	6,917	6,137	679	690	7,596	6,827
Deferred inflows of resources	7,919	8,220	-	-	7,919	8,220
Net position:						
Net investment in capital assets	36,887	34,999	1,374	1,394	38,261	36,393
Restricted	10,050	9,352	72	66	10,122	9,418
Unrestricted	739	87	39	46	778	133
Total net position	$ 47,676	44,438	1,485	1,506	49,161	45,944

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Governmental activities restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position component increased approximately $704,000, or 9.5%, over the prior year. Governmental activities 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 approximately $87,000 at June 30, 2016 to approximately $739,000 at the end of this year.

Changes in Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for service	$ 1,357	1,375	39	48	1,396	1,423
Operating grants and contributions	4,881	4,546	-	-	4,881	4,546
Capital grants and contributions	1,591	2,260	-	-	1,591	2,260
General revenues:						
Property and other county tax	7,864	7,904	-	-	7,864	7,904
Penalty and interest on property tax	50	56	-	-	50	56
State tax credits	506	552	-	-	506	552
Local option sales tax	609	515	-	-	609	515
Unrestricted investment earnings	81	60	-	-	81	60
Insurance recoveries	162	-	-	-	162	-
Gain on disposition of capital assets	119	86	-	-	119	86
Other general revenues	612	626	-	-	612	626
Total revenues	17,832	17,980	39	48	17,871	18,028
Program expenses:						
Public safety and legal services	2,619	2,411	-	-	2,619	2,411
Physical health and social services	1,639	1,574	-	-	1,639	1,574
Mental health	399	463	-	-	399	463
County environment and education	1,351	1,380	-	-	1,351	1,380
Roads and transportation	6,367	8,157	-	-	6,367	8,157
Governmental services to residents	581	567	-	-	581	567
Administration	1,344	1,408	-	-	1,344	1,408
Non-program	266	272	-	-	266	272
Interest on long-term debt	28	34	-	-	28	34
Water and wastewater disposal system	-	-	60	60	60	60
Total expenses	14,594	16,266	60	60	14,654	16,326
Change in net position	3,238	1,714	(21)	(12)	3,217	1,702
Net position beginning of year	44,438	42,724	1,506	1,518	45,944	44,242
Net position end of year	$ 47,676	44,438	1,485	1,506	49,161	45,944





Revenues for governmental activities decreased approximately $148,000 from the prior year. Capital grants, contributions and restricted interest decreased approximately $669,000, primarily due to decreases in infrastructure assets contributed by the State of Iowa.

The County's countywide property tax rate decreased $.61952 per $1,000 of taxable valuation and the rural tax rate decreased $.2052 per $1,000 of taxable valuation. The rural assessed property taxable valuation increased $39,602,496. The countywide assessed property taxable valuation increased $67,832,175.

The cost of all governmental activities this year was approximately $14.6 million, approximately $1,672,000 less than last year. Roads and transportation function expenses decreased approximately $1,790,000, primarily due to projects being completed in fiscal year 2017. However, as shown in the Statement of Activities on pages 18 and 19, the amount taxpayers ultimately financed for these activities was approximately $6.8 million because some of the cost was paid by those directly benefited from the programs (approximately $1,357,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $6,472,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2017 from approximately $8,181,000 to approximately $7,829,000, principally due to receiving less contributions from the Iowa DOT for infrastructure projects.

INDIVIDUAL MAJOR FUND ANALYSIS

As Harrison County completed the year, its governmental funds reported a combined fund balance of approximately $16.0 million, an increase of approximately $1,279,000 over last year's total of approximately $14.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately $262,000 and expenditures decreased approximately $146,000. Property tax increased approximately $90,000 as a result of increased property valuations. The ending fund balance increased approximately $963,000 over the prior year to approximately $6,299,000.

- Beginning July 1, 2014, the County became a member of Southwest Iowa MHDS Region. Special Revenue, Mental Health Fund expenditures totaled approximately $399,000, compared to approximately $463,000 in the prior year. The decrease in expenditures is primarily due to less distributions made to the Region. Revenue decreased 30.8% from the prior year due to the mental health tax levy decreasing $.20022 per $1,000 of taxable valuation to $.35734 per thousand of taxable valuation. The ending fund balance decreased approximately $67,000 from the prior year to approximately $21,000.

- Special Revenue, Rural Services Fund revenues increased approximately $15,000 and expenditures and transfers out increased approximately $44,000. Property tax increased approximately $7,000 as a result of an increase in the rural property valuations. The ending fund balance increased approximately $21,000 over the prior year to approximately $1,604,000.

- Special Revenue, Secondary Roads Fund revenues increased approximately $494,000 and expenditures decreased approximately $879,000 primarily due to the County starting several new road maintenance projects during fiscal year 2016 and completing them in fiscal year 2017. The ending fund balance increased approximately $424,000 from the prior year to approximately $6,371,000.

Proprietary Fund Highlights

- The Enterprise, Water and Wastewater Disposal System Fund, which accounts for the operation and maintenance of the County's sanitary sewer system, ended fiscal year 2017 with a net position of $1,485,179 compared to the prior year ending net position balance of $1,505,550.

BUDGETARY HIGHLIGHTS

Over the course of the year, Harrison County amended its budget one time. The amendment was made on May 25, 2017. This amendment was made to increase general operating expenses, insurance expense and mental health function expenses. In addition, certain capital project expenses were moved to the roads and transportation function.

The County's receipts were $679,316 more than budgeted, a variance of 4.6%. Total disbursements were $1,319,798 less than the amended budget, a variance of 8.1%. Actual disbursements for the roads and transportation and capital projects functions were $386,943 and $353,430, respectively, less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Harrison County had approximately $38.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately $1,857,000, or 5.0%, from last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30, 2017	June 30, 2016
Land	$ 2,127	2,127
Construction in progress	232	3,026
Buildings and improvements	3,575	3,670
Equipment and vehicles	5,392	4,982
Intangibles	979	991
Infrastructure	24,582	20,203
Total	$ 36,887	34,999

This year's major additions include (in thousands):	
Capital assets contributed by the Iowa Department of Transportation	$ 1,591
Secondary roads equipment and vehicles	1,023
Sheriff equipment and vehicles	98
Health board vehicle	22
Conservation buildings	35
Total	$ 2,769

Capital Assets of Business Activities at Year End
(Expressed in Thousands)

	June 30, 2017	June 30, 2016
Infrastructure	$ 2,053	2,084

For governmental activities, the County had depreciation/amortization expense of $1,419,022 in fiscal year 2017 and total accumulated depreciation of $27,768,960 at June 30, 2017. Capital assets for business type activities totaled $2,053,036 (net of accumulated depreciation) at June 30, 2017. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2017, Harrison County had approximately $2,160,000 of debt outstanding, compared to approximately $2,297,000 at June 30, 2016, as shown below.

Outstanding Debt of Governmental Activities at Year-End
(Expressed in Thousands)

	June 30, 2017	2016
General obligation notes	$ 1,295	1,385
Drainage warrants	186	222
	$ 1,481	1,607

Outstanding Debt of Business Type Activities at Year-End
(Expressed in Thousands)

	June 30, 2017	2016
USDA sewer revenue notes	$ 679	690

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Harrison County outstanding general obligation debt of $1,295,000 is significantly below its constitutional debt limit of approximately $86.9 million. Additional information about the County's long-term debt is included in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Harrison County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2018 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.7% versus 3.6% a year ago. This compares with the State's unemployment rate of 3.2% and the national rate of 4.4%.

These indicators were taken into account when adopting the budget for fiscal year 2018. Amounts available for appropriation in the operating budget are approximately $25 million, a decrease of 2.9% from the final fiscal year 2017 budget. Disbursements are expected to decrease less than 1.0% from the final fiscal year 2017 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately $1,275,000 by the close of fiscal year 2018.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Harrison 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 Harrison County Auditor's Office, 111 North Second Avenue, Logan, Iowa 51546.

Basic Financial Statements

Harrison County

Statement of Net Position

June 30, 2017

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	$ 11,802,915	111,162	11,914,077
Receivables:			
Property tax:			
Delinquent	10,728	-	10,728
Succeeding year	7,772,000	-	7,772,000
Interest and penalty on property tax	29,383	-	29,383
Accounts	38,638	-	38,638
Accrued interest	18,967	-	18,967
Drainage assessments	220,832	-	220,832
Loan	1,295,000	-	1,295,000
Due from other governments	864,526	-	864,526
Inventories	2,198,081	-	2,198,081
Prepaid items	99,778	-	99,778
Capital assets, net of accumulated depreciation/amortization	36,887,321	2,053,036	38,940,357
Total assets	61,238,169	2,164,198	63,402,367
Deferred Outflows of Resources			
Pension related deferred outflows	1,274,161	-	1,274,161
Liabilities			
Accounts payable	169,414	-	169,414
Accrued interest payable	12,071	-	12,071
Salaries and benefits payable	102,843	-	102,843
Due to other governments	10,347	-	10,347
Long-term liabilities:			
Portion due or payable within one year:			
USDA sewer revenue notes	-	11,755	11,755
General obligation notes	90,000	-	90,000
Compensated absences	198,195	-	198,195
Portion due or payable after one year:			
USDA sewer revenue notes	-	667,264	667,264
General obligation notes	1,205,000	-	1,205,000
Compensated absences	888,732	-	888,732
Drainage warrants	186,490	-	186,490
Net pension liability	3,851,244	-	3,851,244
Net OPEB liability	202,102	-	202,102
Total liabilities	6,916,438	679,019	7,595,457
Deferred Inflows of Resources			
Unavailable property tax revenue	7,772,000	-	7,772,000
Pension related deferred inflows	147,422	-	147,422
Total deferred inflows of resources	7,919,422	-	7,919,422
Net Position			
Net investment in capital assets	36,887,321	1,374,017	38,261,338
Restricted for:			
Supplemental levy purposes	1,916,314	-	1,916,314
Mental health purposes	21,495	-	21,495
Rural services purposes	1,587,216	-	1,587,216
Secondary roads purposes	5,643,146	-	5,643,146
Debt service	4,436	43,636	48,072
Capital projects	25,112	28,284	53,396
Drainage district purposes	30,516	-	30,516
Other purposes	822,113	-	822,113
Unrestricted	738,801	39,242	778,043
Total net position	$ 47,676,470	1,485,179	49,161,649

See notes to financial statements.

Harrison County

Statement of Activities

Year ended June 30, 2017

			Program Revenues	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	$ 2,618,687	116,549	241,627	-
Physical health and social services	1,639,096	332,834	49,126	-
Mental health	399,452	-	-	-
County environment and education	1,350,659	251,587	21,684	-
Roads and transportation	6,366,767	69,347	4,568,085	1,591,404
Governmental services to residents	581,494	300,163	-	-
Administration	1,343,661	18,687	-	-
Non-program	266,092	268,391	-	-
Interest on long-term debt	27,800	-	-	-
Total governmental activities	14,593,708	1,357,558	4,880,522	1,591,404
Business type activities:				
Water and wastewater disposal system	60,103	39,732	-	-
Total	$ 14,653,811	1,397,290	4,880,522	1,591,404
General Revenues:				
Property and other county tax levied for general purposes				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Unrestricted investment earnings				
Insurance recoveries				
Gain on the disposition of capital assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(2,260,511)	-	(2,260,511)
(1,257,136)	-	(1,257,136)
(399,452)	-	(399,452)
(1,077,388)	-	(1,077,388)
(137,931)	-	(137,931)
(281,331)	-	(281,331)
(1,324,974)	-	(1,324,974)
2,299	-	2,299
(27,800)	-	(27,800)
(6,764,224)	-	(6,764,224)
-	(20,371)	(20,371)
(6,764,224)	(20,371)	(6,784,595)
7,863,855	-	7,863,855
50,010	-	50,010
506,435	-	506,435
608,649	-	608,649
80,696	-	80,696
162,185	-	162,185
119,060	-	119,060
611,891	-	611,891
10,002,781	-	10,002,781
3,238,557	(20,371)	3,218,186
44,437,913	1,505,550	45,943,463
$ 47,676,470	1,485,179	49,161,649

Harrison County

Balance Sheet
Governmental Funds

June 30, 2017

	General	Special Revenue Mental Health	Special Revenue Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 6,155,648	20,989	1,589,591
Receivables:			
Property tax:			
Delinquent	8,698	506	1,524
Succeeding year	5,288,000	307,000	2,177,000
Interest and penalty on property tax	29,383	-	-
Accounts	36,663	-	1,975
Accrued interest	18,967	-	-
Drainage assessments	-	-	-
Loan	-	-	-
Due from other governments	116,632	-	14,445
Inventories	-	-	-
Prepaid items	96,278	-	-
Total assets	$ 11,750,269	328,495	3,784,535
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 77,342	-	405
Salaries and benefits payable	27,459	-	1,339
Due to other governments	9,874	-	260
Total liabilities	114,675	-	2,004
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,288,000	307,000	2,177,000
Other	49,039	502	1,482
Total deferred inflows of resources	5,337,039	307,502	2,178,482
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	96,278	-	-
Loan receivable	-	-	-
Restricted for:			
Supplemental levy purposes	2,083,584	-	-
Mental health purposes	-	20,993	-
Rural services purposes	-	-	1,604,049
Secondary roads purposes	-	-	-
Conservation land acquisition	391,406	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	31,402	-	-
Assigned for conservation			
Conservation	89,716	-	-
Courthouse roof	161,000	-	-
Unassigned	3,445,169	-	-
Total fund balances	6,298,555	20,993	1,604,049
Total liabilities, deferred inflows of resources and fund balances	$ 11,750,269	328,495	3,784,535

See notes to financial statements.

Secondary Roads	Nonmajor	Total
3,584,667	452,020	11,802,915
-	-	10,728
-	-	7,772,000
-	-	29,383
-	-	38,638
-	-	18,967
-	220,832	220,832
-	1,295,000	1,295,000
733,449	-	864,526
2,198,081	-	2,198,081
3,500	-	99,778
6,519,697	1,967,852	24,350,848
74,281	17,386	169,414
74,045	-	102,843
213	-	10,347
148,539	17,386	282,604
-	-	7,772,000
-	220,832	271,855
-	220,832	8,043,855
2,198,081	-	2,198,081
3,500	-	99,778
-	1,295,000	1,295,000
-	-	2,083,584
-	-	20,993
-	-	1,604,049
4,169,577	-	4,169,577
-	-	391,406
-	4,436	4,436
-	25,112	25,112
-	405,086	436,488
-	-	89,716
-	-	161,000
-	-	3,445,169
6,371,158	1,729,634	16,024,389
6,519,697	1,967,852	24,350,848

Harrison County

Harrison County

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

June 30, 2017

Total governmental fund balances (page 21)		$ 16,024,389
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 $64,656,281 and the accumulated depreciation/amortization is $27,768,960.		36,887,321
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.		271,855
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 1,274,161	
Deferred inflows of resources	(147,422)	1,126,739
Long-term liabilities, including notes payable, drainage warrants payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(6,633,834)
Net position of governmental activities (page 17)		$ 47,676,470

See notes to financial statements.

Harrison County

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

Year ended June 30, 2017

		Special Revenue	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 5,424,035	310,892	2,130,558
Local option sales tax	-	-	152,162
Interest and penalty on property tax	51,499	-	-
Intergovernmental	1,299,261	21,776	105,192
Licenses and permits	-	-	22,148
Charges for service	611,025	-	16,140
Use of money and property	138,673	-	-
Fines, forfeitures and defaults	37,275	-	-
Miscellaneous	361,506	-	-
Total revenues	7,923,274	332,668	2,426,200
Expenditures:			
Operating:			
Public safety and legal services	2,413,024	-	151,424
Physical health and social services	1,530,386	-	86,915
Mental health	-	399,452	-
County environment and education	850,697	-	251,703
Roads and transportation	-	-	-
Governmental services to residents	558,749	-	-
Administration	1,295,947	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	160,488	-	-
Total expenditures	6,809,291	399,452	490,042
Excess (deficiency) of revenues over (under) expenditures	1,113,983	(66,784)	1,936,158
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(151,000)	-	(1,915,000)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(151,000)	-	(1,915,000)
Change in fund balances	962,983	(66,784)	21,158
Fund balances beginning of year	5,335,572	87,777	1,582,891
Fund balances end of year	$ 6,298,555	20,993	1,604,049

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	-	7,865,485
456,487	-	608,649
-	-	51,499
4,568,085	14,514	6,008,828
6,375	-	28,523
52	3,184	630,401
-	31,585	170,258
-	-	37,275
88,981	321,146	771,633
5,119,980	370,429	16,172,551
-	373	2,564,821
-	-	1,617,301
-	-	399,452
-	3,233	1,105,633
6,253,505	-	6,253,505
-	2,275	561,024
-	-	1,295,947
-	266,092	266,092
-	411,269	411,269
488,082	14,859	663,429
6,741,587	698,101	15,138,473
(1,621,607)	(327,672)	1,034,078
2,046,000	20,000	2,066,000
-	-	(2,066,000)
-	244,926	244,926
2,046,000	264,926	244,926
424,393	(62,746)	1,279,004
5,946,765	1,792,380	14,745,385
6,371,158	1,729,634	16,024,389

Harrison County

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

Year ended June 30, 2017

Change in fund balances - Total governmental funds (page 25)		$ 1,279,004
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:		
Expenditures for capital assets	$ 1,597,210	
Capital assets contributed by the Iowa Department of Transportation	1,591,404	
Depreciation/amortization expense	(1,419,022)	1,769,592
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.		119,060
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	(1,630)	
Other	(49,123)	(50,753)
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	(244,926)	
Repaid	370,507	125,581
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.		482,536
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	268	
Other postemployment benefits	(15,293)	
Pension expense	(484,401)	
Interest on long-term debt	12,963	(486,463)
Change in net position of governmental activities (page 19)		$ 3,238,557

See notes to financial statements.

Harrison County

Statement of Net Position
Proprietary Fund

June 30, 2017

	Business Type Activities — Enterprise — Water and Wastewater Disposal System
Assets	
Current assets:	
Cash and cash equivalents	$ 111,162
Capital assets, net of accumulated depreciation	2,053,036
Total assets	2,164,198
Liabilities	
Current liabilities:	
USDA sewer revenue notes	11,755
Long-term liabilities:	
USDA sewer revenue notes	667,264
Total liabilities	679,019
Net Position	
Net investment in capital assets	1,374,017
Restricted for:	
Debt service	43,636
Capital projects	28,284
Unrestricted	39,242
Total net position	$ 1,485,179

See notes to financial statements.

Harrison County

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

Year ended June 30, 2017

	Enterprise Water and Wastewater Disposal System
Operating revenues:	
Charges for service	$ 39,732
Operating expenses:	
Depreciation	31,106
Operating income	8,626
Non-operating expense:	
Interest expense	(28,997)
Change in net position	(20,371)
Net position beginning of year	1,505,550
Net position end of year	$ 1,485,179

See notes to financial statements.

Harrison County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2017

	Enterprise Water and Wastewater Disposal System
Cash flows from operating activities:	
Cash received from sewer fees	$ 47,802
Cash flows from capital and related financing activities:	
Principal paid on USDA sewer revenue notes	(11,282)
Interest paid on USDA sewer revenue notes	(28,997)
Net cash used by capital and related financing activities	(40,279)
Net increase in cash and cash equivalents	7,523
Cash and cash equivalents beginning of year	103,639
Cash and cash equivalents end of year	$ 111,162
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 8,626
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	31,106
Decrease in accounts receivable	8,070
Net cash provided by operating activities	$ 47,802

See notes to financial statements.

Harrison County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 2,205,435
Other County officials	81,643
Receivables:	
Property tax receivable:	
Delinquent	37,131
Succeeding year	17,773,000
Accounts	1,383
Drainage assessments	203,131
Special assessments	169,365
Due from other governments	43,276
Total assets	20,514,364
Liabilities	
Accounts payable	20,882
Stamped warrants payable	153,985
Salaries and benefits payable	9,533
Due to other governments	20,222,529
Trusts payable	30,511
Compensated absences	76,924
Total liabilities	20,514,364
Net position	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Harrison 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, Harrison 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 Harrison 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.

Sixty-five 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 Harrison County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Harrison 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: County Assessor's Conference Board, County Emergency Management Commission and County Joint E-911 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.

In addition, the County is involved in the following jointly governed organizations: Southwest Iowa Planning Council, Southwest Iowa Juvenile Emergency Services Board, Harrison County Landfill Commission, Southwest Iowa MHDS and WESCO Industries. 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/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Fund – The Enterprise, Water and Wastewater Disposal System fund is utilized to account for the acquisition, system improvements and repayment of related debt. The debt is serviced through payments received from the City of Little Sioux which provides for the operation and maintenance of the system.

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 90 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 positions available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at amortized 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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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 amounts 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 represent assessments which are due and payable but have not been collected.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories 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, furniture equipment and intangibles acquired after July 1, 1980 are reported in the governmental or business type activities columns 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 service 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. Capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment	3 - 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, the unamortized portion of the net difference between projected and actual earnings on IPERS' plan investments 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 sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. 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 ninety 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 unrecognized items not yet credited to pension expense.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, disbursements exceeded the amount appropriated for the Conservation Department.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2017 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) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 151,000
	Special Revenue:	
	Rural Services	1,895,000
		2,046,000
Special Revenue:	Special Revenue:	
Flood and Erosion	Rural Services	20,000
Total		$ 2,066,000

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

(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, 2017 is as follows:

Fund	Description	Amount
General	Services	$ 9,874
Special Revenue:		
Rural Services	Services	260
Secondary Roads	Services	213
		473
Total for governmental funds		$ 10,347
Agency:		
County Offices	Collections	$ 55,863
Agricultural Extension Education		230,855
County Assessor		1,197,258
Schools		11,537,075
Community Colleges		1,173,396
Corporations		4,270,894
Townships		420,543
Auto License and Use Tax		474,030
Drainage Districts		69,883
E-911 Service Commission		521,636
All other		271,096
Total for agency funds		$ 20,222,529

(5) Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 2,127,083	-	-	2,127,083
Intangibles, road network	978,728	-	-	978,728
Construction in progress	3,026,051	2,146,292	(4,940,409)	231,934
Total capital assets not being depreciated	6,131,862	2,146,292	(4,940,409)	3,337,745
Capital assets being depreciated/amortized:				
Buildings	6,171,361	34,601	-	6,205,962
Improvements other than buildings	157,687	31,307	-	188,994
Equipment and vehicles	10,494,426	1,110,914	(423,059)	11,182,281
Intangibles	63,559	-	-	63,559
Infrastructure, road network and other	38,737,331	4,940,409	-	43,677,740
Total capital assets being depreciated/amortized	55,624,364	6,117,231	(423,059)	61,318,536
Less accumulated depreciation/amortization for:				
Buildings	2,626,580	147,628	-	2,774,208
Improvements other than buildings	32,693	12,539	-	45,232
Equipment and vehicles	5,512,757	685,527	(407,619)	5,790,665
Intangibles	50,848	12,711	-	63,559
Infrastructure, road network and other	18,534,679	560,617	-	19,095,296
Total accumulated depreciation/amortization	26,757,557	1,419,022	(407,619)	27,768,960
Total capital assets being depreciated/amortized, net	28,866,807	4,698,209	(15,440)	33,549,576
Governmental activities capital assets, net	$ 34,998,669	6,844,501	(4,955,849)	36,887,321
Business type activities:				
Capital assets being depreciated:				
Infrastructure	$ 2,332,995	-	-	2,332,995
Less accumulated depreciation for:				
Infrastructure	248,853	31,106	-	279,959
Total capital assets being depreciated, net	$ 2,084,142	(31,106)	-	2,053,036

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 131,663
Physical health and social services	23,976
County environment and education	92,317
Roads and transportation	1,111,464
Governmental services to residents	12,956
Administration	46,646
Total depreciation/amortization expense - governmental activities	$ 1,419,022
Business type activities:	
Water and wastewater disposal system	$ 31,106

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	General Obligation Notes	Drainage Warrants	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Governmental activities:						
Balance beginning of year	$ 1,385,000	222,071	1,087,195	2,885,278	186,809	5,766,353
Increases	-	244,926	428,405	965,966	21,139	1,660,436
Decreases	90,000	280,507	428,673	-	5,846	805,026
Balance end of year	$ 1,295,000	186,490	1,086,927	3,851,244	202,102	6,621,763
Due within one year	$ 90,000	-	198,195	-	-	288,195

	USDA Sewer Revenue Notes
Business type activities:	
Balance beginning of year	$ 690,301
Increases	-
Decreases	11,282
Balance end of year	$ 679,019
Due within one year	$ 11,755

General Obligation Notes Payable

Details of the County's June 30, 2017 general obligation note indebtedness are as follows:

	Series 2016A Landfill Issued Feb 1, 2016			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2018	1.10%	$ 90,000	29,565	119,565
2019	1.50	90,000	28,575	118,575
2020	1.50	90,000	27,225	117,225
2021	2.00	95,000	25,875	120,875
2022	2.00	95,000	23,975	118,975
2023-2027	2.00 - 3.00	505,000	89,150	594,150
2028-2030	3.00	330,000	20,100	350,100
Total		$ 1,295,000	244,465	1,539,465

In February 2016, the County issued $1,445,000 in general obligation solid waste disposal capital loan notes for the purpose of paying the costs of improvements and extensions for the Harrison County Landfill Commission. During the year ended June 30, 2017, the County retired $90,000 of general obligation notes.

The County loaned the proceeds of the general obligation notes issued during fiscal year 2016 to the Harrison County Landfill Commission. Under the loan agreement, the Commission is to make payments to the County equal to the payments the County is required to make on the general obligation notes. The principal and interest payments from the Commission are credited to the Debt Service Fund.

USDA Sewer Revenue Notes

Annual debt service requirements to maturity for the USDA sewer revenue notes are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2018	4.125-4.250%	$ 11,755	28,524	40,279
2019	4.125-4.250	12,250	28,029	40,279
2020	4.125-4.250	12,764	27,515	40,279
2021	4.125-4.250	13,300	26,979	40,279
2022	4.125-4.250	13,859	26,420	40,279
2023-2027	4.125-4.250	78,527	122,868	201,395
2028-2032	4.125-4.250	96,465	104,930	201,395
2033-2037	4.125-4.250	118,499	82,896	201,395
2038-2042	4.125-4.250	145,568	55,827	201,395
2043-2047	4.125-4.250	176,032	22,573	198,605
Total		$ 679,019	526,561	1,205,580

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay $758,000 of sewer revenue notes issued in June 2008. The notes mature annually on July 1 and bear interest at 4.125% to 4.250% per annum, which is also due and payable on July 1. Proceeds from the notes provided financing for the construction of water and wastewater disposal systems in the Little Sioux and River Sioux communities. The notes are payable solely from sewer customer net revenues and are payable through 2047. The total principal and interest remaining to be paid on the notes is $1,205,580. For the current year, principal and interest paid and total customer net revenues were $40,279 and $8,625, respectively.

The resolution providing for the issuance of the sewer revenue notes includes the following provisions:

(a) Sufficient monthly transfers shall be made to a debt service account for the purpose of making the principal and interest payments when due.

(b) Additional monthly transfers of $337 shall be made to a sewer revenue reserve account until $40,279 has been accumulated. This account is restricted for the purpose of paying principal and interest payments on the notes.

(c) Monthly transfers of $265 shall be made to a short-lived asset depreciation account for future capital improvements.

(d) The County is required to submit a budget projection for the next fiscal year to the USDA Rural Development Office for approval by February 15 each year.

(e) The County is required to submit a year-end report to the USDA Rural Development Office by August 30 each year.

Drainage Warrants

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

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

(7) Loan Receivable

As detailed in Note 6 of the Notes to Financial Statements, the County loaned note proceeds to the Harrison County Landfill Commission. Under the loan agreement, the Commission is to make payments to the County equal to the payments the County is required to make on the general obligation notes.

(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 more than 22 years of service 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 2017, 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 9.63% of covered payroll, for a total rate of 19.26%. 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, 2017 were $482,536.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of $3,851,244 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the County's proportion was 0.0611958%, which was an increase of 0.002795% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $484,401. At June 30, 2017, 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	$ 31,997	75,953
Changes of assumptions	55,237	13,485
Net difference between projected and actual earnings on IPERS' investments	692,480	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	11,911	57,984
County contributions subsequent to the measurement date	482,536	-
Total	$ 1,274,161	147,422

$482,536 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, 2018. 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
2018	$ 52,469
2019	52,469
2020	341,912
2021	200,852
2022	(3,499)
Total	$ 644,203

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 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% infaltion and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 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%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
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	$ 6,765,500	3,851,244	1,393,663

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, 2017.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 127 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	$ 24,201
Interest on net OPEB obligation	8,406
Adjustment to annual required contribution	(11,468)
Annual OPEB cost	21,139
Contributions made	(5,846)
Increase in net OPEB obligation	15,293
Net OPEB obligation beginning of year	186,809
Net OPEB obligation end of year	$ 202,102

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the County contributed $5,846 to the medical plan. Plan members eligible for benefits contributed $10,534, or 64% 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
2015	$ 21,470	57.6%	$ 175,702
2016	21,321	47.9	186,809
2017	21,139	27.7	202,102

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was $199,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $199,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $5,126,000 and the ratio of the UAAL to covered payroll was 3.9%. As of June 30, 2017, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 5%. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP2014 Group Annuity Mortality Tables with Scale MP-2014, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the Actuary's Pension Handbook and applying the termination factors using the scale T-2 table.

Projected claim costs of the medical plan range from $987 to $1,085 per month for retirees less than age 65. The salary increase rate was assumed to be 2.75% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 753 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 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, 2017 were $247,746.

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 $500,000 per claim. Claims exceeding $500,000 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 payments 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, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $45,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Secondary Roads Department Insurance Benefit

Voluntary termination benefit programs have been established for Secondary Roads Department employees. The programs allow employees who are eligible, upon a bona fide retirement, to use the value of their unused sick leave to purchase group health insurance after separation.

Upon retirement, the value of the balance of the accrued sick leave is converted based upon the balance of sick leave hours, as follows:

Sick Leave Balance (hours)	Conversion Rate
0 - 559	0%
560 - 879	50%
880 - 1,119	75%
1,120 - 1,488	100%

The final calculated dollar value is credited to the employee's Sick Leave Upon Retirement account. The County will continue to pay the costs of the health insurance premium each month until the converted value of the employee's Sick Leave Upon Retirement account balance is exhausted. The converted value of the sick leave can only be applied to the payment of health, dependent health and/or Medicare supplement insurance premium payments.

For the year ended June 30, 2017, ten employees have retired and received benefits totaling $67,279 under the program.

(12) Financial Assurance

The County participates in an agreement with the Harrison County Landfill Commission, which was created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member county and municipalities.

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 567-104.26(5) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2017 are $2,424,442 and the County's financial assurance obligation amount is $1,133,166. At June 30, 2017, the County has met the guarantor conditions outlined in Chapter 567-104.26(5) of the Iowa Administrative Code.

In the event the Commission fails to perform closure or postclosure care in accordance with the appropriate plan or permit, whenever required to do so, or fails to obtain an alternate financial assurance within 90 days of intent to cancel, the County will perform or pay a third party to perform closure and/or postclosure care or establish a standby trust fund in the name of the Commission or obtain alternate financial assurance in the amount of the assured amount.

(13) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Dunlap	Urban renewal and economic development projects	$ 40,011
City of Missouri Valley	Urban renewal and economic development projects	$ 2,675
City of Woodbine	Urban renewal and economic development projects	$ 19,095

(14) 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 10, 2014, includes the following member counties: Cass County, Fremont County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County, Shelby County and Harrison 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, 2017, as follows:

Revenues:		
Property and other county tax		$ 310,892
Intergovernmental:		
State tax credits and replacements	$ 21,759	
Other	17	21,776
Total revenues		332,668
Expenditures:		
General administration:		
Distribution to regional fiscal agent		399,452
Deficiency of revenues under expenditures		(66,784)
Fund balance beginning of year		87,777
Fund balance end of year		$ 20,993

(15) New Accounting Pronouncement

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the County.

(16) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's other postemployment benefits.

Required Supplementary Information

Harrison 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, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 8,478,936	-	8,478,936
Interest and penalty on property tax	51,868	-	51,868
Intergovernmental	5,809,134	-	5,809,134
Licenses and permits	30,599	-	30,599
Charges for service	632,772	-	632,772
Use of money and property	121,669	-	121,669
Miscellaneous	776,936	320,532	456,404
Total receipts	15,901,914	320,532	15,581,382
Disbursements:			
Public safety and legal services	2,564,659	-	2,564,659
Physical health and social services	1,613,847	-	1,613,847
Mental health	399,452	-	399,452
County environment and education	1,105,518	-	1,105,518
Roads and transportation	6,609,057	-	6,609,057
Governmental services to residents	564,587	-	564,587
Administration	1,360,021	-	1,360,021
Non-program	277,262	277,262	-
Debt service	166,345	45,190	121,155
Capital projects	670,620	-	670,620
Total disbursements	15,331,368	322,452	15,008,916
Excess (deficiency) of receipts over (under) disbursements	570,546	(1,920)	572,466
Balance beginning of year	11,232,369	25,087	11,207,282
Balance end of year	$ 11,802,915	23,167	11,779,748

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
8,364,994	8,364,994	113,942
60,500	60,500	(8,632)
5,322,152	5,322,152	486,982
33,050	33,050	(2,451)
640,525	650,525	(17,753)
126,230	133,930	(12,261)
336,915	336,915	119,489
14,884,366	14,902,066	679,316
2,798,794	2,800,794	236,135
1,734,202	1,734,202	120,355
329,452	399,452	-
1,139,588	1,170,288	64,770
6,472,000	6,996,000	386,943
600,612	600,612	36,025
1,453,161	1,482,161	122,140
-	-	-
121,055	121,155	-
1,538,050	1,024,050	353,430
16,186,914	16,328,714	1,319,798
(1,302,548)	(1,426,648)	1,999,114
10,477,953	11,175,761	31,521
9,175,405	9,749,113	2,030,635

Harrison County

Harrison County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 15,901,914	270,637	16,172,551
Expenditures	15,331,368	(192,895)	15,138,473
Net	570,546	463,532	1,034,078
Other financing sources, net	-	244,926	244,926
Beginning fund balances	11,232,369	3,513,016	14,745,385
Ending fund balances	$ 11,802,915	4,221,474	16,024,389

See accompanying independent auditor's report.

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted receipts by $17,700 and budgeted disbursements by $141,800. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 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, 2017, disbursements exceeded the amounts appropriated for the Conservation Department.

Harrison County

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

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

Required Supplementary Information

	2017	2016	2015
County's proportion of the net pension liability	0.0611958%	0.0584007%	0.0569179%
County's proportionate share of net pension liability	$ 3,851	2,885	2,257
County's covered-employee payroll	$ 5,165	4,934	4,860
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	74.56%	58.47%	46.44%
IPERS' net position as a percentage of the total pension liability	81.82%	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 preceeding year.

See accompanying independent auditor's report.

Harrison County

Schedule of County Contributions

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

Required Supplementary Information

		2017	2016	2015	2014
Statutorily required contribution	$	483	470	449	444
Contributions in relation to the statutorily required contribution		(483)	(470)	(449)	(444)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	5,305	5,165	4,934	4,860
Contributions as a percentage of covered-employee payroll		9.10%	9.10%	9.10%	9.14%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
427	421	348	319	300	278
(427)	(421)	(348)	(319)	(300)	(278)
-	-	-	-	-	-
4,780	4,997	4,687	4,558	4,502	4,434
8.93%	8.43%	7.42%	7.00%	6.66%	6.27%

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 (unfunded actuarial liability) 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.

Harrison County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	$ 631	631	0.0%	$ 4,400	14.3%
2010	Jul 1, 2008	-	631	631	0.0	4,600	13.7
2011	Jul 1, 2008	-	631	631	0.0	4,208	15.0
2012	Jul 1, 2011	-	181	181	0.0	4,424	4.1
2013	Jul 1, 2011	-	181	181	0.0	4,246	4.3
2014	Jul 1, 2011	-	181	181	0.0	4,111	4.4
2015	Jul 1, 2014	-	199	199	0.0	4,303	4.6
2016	Jul 1, 2014	-	199	199	0.0	4,869	4.1
2017	Jul 1, 2014	-	199	199	0.0	5,126	3.9

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

See accompanying independent auditor's report.

Harrison County

Supplementary Information

Harrison County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

	County Recorder's Records Management	Urban Renewal Revenue	Resource Enhance-ment and Protection
Assets			
Cash, cash equivalents and pooled investments	$ 10,050	122,448	66,088
Receivables:			
Drainage assessments	-	-	-
Loan	-	-	-
Total assets	$ 10,050	122,448	66,088
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ -	-	-
Total liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Nonspendable:			
Loan receivable	-	-	-
Restricted for debt services	-	-	-
Restricted for capital projects	-	-	-
Restricted for other purposes	10,050	122,448	66,088
Total Fund Balance	10,050	122,448	66,088
Total liabilities, deferred inflows of resources and fund balances	$ 10,050	122,448	66,088

See accompanying independent auditor’s report.

Special Revenue						
Flood and Erosion	Seizures	Drug Search and Seizures	Drainage Districts	Debt Service	Capital Projects	Total
184,611	1,600	14,508	23,167	4,436	25,112	452,020
-	-	-	220,832	-	-	220,832
-	-	-	-	1,295,000	-	1,295,000
184,611	1,600	14,508	243,999	1,299,436	25,112	1,967,852
-	-	-	17,386	-	-	17,386
-	-	-	17,386	-	-	17,386
-	-	-	220,832	-	-	220,832
-	-	-	-	1,295,000	-	1,295,000
-	-	-	-	4,436	-	4,436
-	-	-	-	-	25,112	25,112
184,611	1,600	14,508	5,781	-	-	405,086
184,611	1,600	14,508	5,781	1,299,436	25,112	1,729,634
184,611	1,600	14,508	243,999	1,299,436	25,112	1,967,852

Harrison County

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

Year ended June 30, 2017

	County Recorder's Records Management	Urban Renewal Revenue	Resource Enhance-ment and Protection
Revenues:			
Intergovernmental	$ -	-	14,514
Charges for service	3,134	-	-
Use of money and property	55	-	375
Miscellaneous	-	-	-
Total revenues	3,189	-	14,889
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	-
Governmental services to residents	2,275	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	14,859
Total expenditures	2,275	-	14,859
Excess (deficiency) of revenues over (under) expenditures	914	-	30
Other financing sources:			
Transfers in	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources	-	-	-
Change in fund balances	914	-	30
Fund balances beginning of year	9,136	122,448	66,058
Fund balances end of year	$ 10,050	122,448	66,088

See accompanying independent auditor's report.

Special Revenue						
Flood and Erosion	Seizures	Drug Search and Seizures	Drainage Districts	Debt Service	Capital Projects	Total
-	-	-	-	-	-	14,514
-	-	50	-	-	-	3,184
-	-	-	-	31,155	-	31,585
-	-	-	319,646	-	1,500	321,146
-	-	50	319,646	31,155	1,500	370,429
-	-	373	-	-		373
3,233	-	-	-	-	-	3,233
-	-	-	-	-	-	2,275
-	-	-	266,092	-	-	266,092
-	-	-	290,114	121,155	-	411,269
-	-	-	-	-	-	14,859
3,233	-	373	556,206	121,155	-	698,101
(3,233)	-	(323)	(236,560)	(90,000)	1,500	(327,672)
20,000	-	-	-	-	-	20,000
-	-	-	244,926	-	-	244,926
20,000	-	-	244,926	-	-	264,926
16,767	-	(323)	8,366	(90,000)	1,500	(62,746)
167,844	1,600	14,831	(2,585)	1,389,436	23,612	1,792,380
184,611	1,600	14,508	5,781	1,299,436	25,112	1,729,634

Harrison County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ -	6,487	664,458	133,300
Other County officials	81,643	-	-	-
Receivables:				
Property tax:				
Delinquent	-	368	921	16,775
Succeeding year	-	224,000	560,000	11,387,000
Accounts	1,383	-	-	-
Drainage assessments	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 83,026	230,855	1,225,379	11,537,075
Liabilities				
Accounts payable	$ -	-	4,215	-
Stamped warrants payable	-	-	-	-
Salaries and benefits payable	-	-	743	-
Due to other governments	55,863	230,855	1,197,258	11,537,075
Trusts payable	27,163	-	-	-
Compensated absences	-	-	23,163	-
Total liabilities	$ 83,026	230,855	1,225,379	11,537,075

See accompanying independent auditor’s report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	E-911 Service Commission	Other	Total
15,493	57,758	4,155	474,030	33,294	480,931	335,529	2,205,435
-	-	-	-	-	-	-	81,643
1,903	16,771	388	-	-	-	5	37,131
1,156,000	4,027,000	416,000	-	-	-	3,000	17,773,000
-	-	-	-	-	-	-	1,383
-	-	-	-	203,131	-	-	203,131
-	169,365	-	-	-	-	-	169,365
-	-	-	-	-	43,276	-	43,276
1,173,396	4,270,894	420,543	474,030	236,425	524,207	338,534	20,514,364
-	-	-	-	12,557	2,571	1,539	20,882
-	-	-	-	153,985	-	-	153,985
-	-	-	-	-	-	8,790	9,533
1,173,396	4,270,894	420,543	474,030	69,883	521,636	271,096	20,222,529
-	-	-	-	-	-	3,348	30,511
-	-	-	-	-	-	53,761	76,924
1,173,396	4,270,894	420,543	474,030	236,425	524,207	338,534	20,514,364

Harrison County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 75,947	223,990	914,058	11,455,605
Additions:				
Property and other county tax	-	224,962	563,497	11,446,838
E-911 surcharge	-	-	-	-
State tax credits	-	15,257	41,083	804,213
Office fees and collections	465,025	-	-	-
Drivers license fees, auto licenses,		-	-	
use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	381,900	-	-	-
Miscellaneous	-	12	10,565	580
Total additions	846,925	240,231	615,145	12,251,631
Deductions:				
Agency remittances:				
To other funds	291,676	-	-	-
To other governments	227,382	233,366	303,824	12,170,161
Trusts paid out	320,788	-	-	-
Total deductions	839,846	233,366	303,824	12,170,161
Balances end of year	$ 83,026	230,855	1,225,379	11,537,075

See accompanying independent auditor’s report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	E-911 Service Commission	Other	Total
1,325,245	4,115,569	405,481	439,997	95,333	443,615	300,244	19,795,084
1,163,217	3,887,741	423,438	-	-	-	2,860	17,712,553
-	-	-	-	-	261,028	-	261,028
92,789	516,460	21,304	-	-	-	201	1,491,307
-	-	-	-	-	-	-	465,025
-	-	-	5,260,369	-	-	-	5,260,369
-	881	-	-	210,283	-	-	211,164
-	-	-	-	-	-	203,713	585,613
70	-	25	-	111	2,502	627,418	641,283
1,256,076	4,405,082	444,767	5,260,369	210,394	263,530	834,192	26,628,342
-	-	-	194,924	-	-	-	486,600
1,407,925	4,249,757	429,705	5,031,412	223,287	182,938	592,189	25,051,946
-	-	-	-	-	-	203,713	524,501
1,407,925	4,249,757	429,705	5,226,336	223,287	182,938	795,902	26,063,047
1,173,396	4,270,894	420,543	474,030	82,440	524,207	338,534	20,360,379

Harrison County

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

For the Last Ten Years

		2017	2016	2015	2014
Revenues:					
Property and other county tax	$	7,865,485	7,904,596	7,804,740	7,629,735
Local option sales tax		608,649	515,517	534,654	513,285
Interest and penalty on property tax		51,499	45,715	75,214	51,754
Intergovernmental		6,008,828	5,618,199	4,913,274	4,978,749
Licenses and permits		28,523	34,181	19,616	25,459
Charges for service		630,401	618,496	575,062	609,465
Use of money and property		170,258	113,673	79,597	85,567
Fines, forfeitures and defaults		37,275	41,392	44,122	45,733
Miscellaneous		771,633	754,775	498,263	704,306
Total	$	16,172,551	15,646,544	14,544,542	14,644,053
Expenditures:					
Operating:					
Public safety and legal services	$	2,564,821	2,562,760	2,415,880	2,356,457
Physical health and social services		1,617,301	1,565,540	1,511,756	1,431,137
Mental health		399,452	463,101	1,948,667	422,482
County environment and education		1,105,633	1,083,407	1,022,512	958,910
Roads and transportation		6,253,505	7,576,699	5,828,631	5,436,955
Governmental services to residents		561,024	567,511	642,452	623,390
Administration		1,295,947	1,397,074	1,181,959	1,263,263
Non-program		266,092	271,984	195,713	289,000
Debt service		411,269	466,502	254,272	544,716
Capital projects		663,429	280,437	406,146	329,727
Total	$	15,138,473	16,235,015	15,407,988	13,656,037

See accompanying independent auditor’s report.

Modified Accrual Basis					
2013	2012	2011	2010	2009	2008
7,429,208	7,098,326	6,714,586	6,324,557	6,188,195	5,875,034
522,321	546,939	475,243	447,734	477,574	465,664
60,439	65,004	74,186	60,545	53,180	50,829
4,756,592	5,960,567	6,324,666	6,481,561	5,789,828	5,194,003
25,560	25,720	24,442	36,719	33,362	23,574
579,504	582,727	639,350	1,345,004	1,370,879	1,345,927
90,198	133,550	147,662	77,311	163,130	329,746
49,061	39,033	21,498	-	-	-
451,410	668,214	713,221	665,874	760,792	814,032
13,964,293	15,120,080	15,134,854	15,439,305	14,836,940	14,098,809
2,106,847	2,035,838	1,955,517	1,719,725	1,907,119	1,865,471
1,355,308	1,358,033	1,357,012	1,336,131	1,594,390	1,711,280
626,524	2,197,433	1,856,540	1,629,060	1,786,275	2,022,201
835,306	877,584	879,407	1,526,616	2,309,032	1,196,058
4,867,329	5,363,814	4,687,625	4,479,948	4,523,788	5,065,406
480,604	488,248	456,336	441,937	507,148	484,491
1,961,223	1,925,661	1,915,157	1,735,155	1,679,182	1,292,617
465,692	312,935	276,279	-	-	-
264,555	615,016	465,855	493,923	515,633	480,546
255,259	619,964	579,323	1,541,345	-	-
13,218,647	15,794,526	14,429,051	14,903,840	14,822,567	14,118,070

Harrison County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Harrison 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, the business type activities, each major fund and the aggregate remaining fund information of Harrison County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 26, 2018.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2017 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.

Harrison County's Responses to the Findings

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 26, 2018

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) 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:

		Applicable Offices
(1)	Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Extension Office, Sheriff's Civil Division and Jail and Conservation/ Welcome Center
(2)	Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash. An independent person does not periodically review the bank reconciliation for propriety.	Treasurer, Recorder and Sheriff's Civil Division and Jail
(3)	The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts.	Recorder and Sheriff's Civil Division and Jail
(4)	Generally, one individual may have control over listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person and is not signed or initialed to document review.	Treasurer, Recorder, Extension Office, Sheriff's Civil Division and Jail and Conservation/ Welcome Center
(5)	The person who prepares a summary of delinquent tax collections also reconciles delinquencies at year end. There is no evidence an independent person reviews the reconciliations for propriety.	Treasurer

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.

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 –

Extension Office – I will attempt to have multiple employees present when opening mail and looking over receipts. I will also look over the bank statements as the Program Coordinator and have them initialed by an Extension Council Member.

Recorder – We are aware of the segregation of duties issues in a small office and do the best we can to address it. The County Recorder reviews the office policy to address the issues as best as we can.

Sheriff – We will consider having the mail opened by another staff member who will maintain a log of mail receipts and compare the log to the receipts periodically. Sheriff Sears does review each deposit and initials each. The Sheriff will monitor each month's bank reconciliation and review bank statements including the canceled checks. The review will be documented with the Sheriff's initials or signature.

Conservation/Welcome Center – We will work towards it.

Treasurer – The bank reconciliations are reviewed by another person. We will start initialing the reconciliations to evidence the review. Mail receipts are logged on a test basis. The log will be compared to the transactions processed. The tax reconciliation is reviewed by the County Treasurer. The reconciliation will be initialed to evidence the review being performed.

Conclusion – Responses accepted.

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of receivables were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require independent review of year end cut-off transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

Recommendation – The County should establish procedures to ensure all receivables are identified and properly reported in the County's financial statements.

Response – We will monitor this area more closely to ensure accurate reporting.

Conclusion – Response accepted.

(C) Payroll

Criteria – An effective internal control system provides for internal controls related to preparation of payroll. Payroll for salaried individuals should be paid after the work is performed.

Condition – Certain salaried employees were paid in advance of the wages being earned.

Cause – Policies have not been established and procedures have not been implemented to properly pay wages after they have been earned.

Effect – Terminated salaried employees will be overpaid as they have been compensated for work not yet performed.

Recommendation – The Board of Supervisors should establish policies and implement procedures to not allow salary payments in advance of wages earned.

Response – The Board of Supervisors will take this recommendation under further review.

Conclusion – Response acknowledged. The Board of Supervisors should not allow salary payments in advance of wages earned.

(D) Prisoner Room and Board

Criteria – An effective internal control system provides for internal controls related to reconciling billings, collections and accounts receivable to ensure the accuracy of prisoner room and board collections and receivables.

Condition – The following internal control deficiencies related to prisoner room and board were identified:

- A reconciliation of billings, collections and accounts receivable balances is not performed.
- The County does not consistently send delinquent accounts to the magistrate in a timely manner and the delinquent accounts are not reviewed by an independent person.

Cause – Policies have not been established and procedures have not been implemented to reconcile prisoner room and board billings, collections and receivables or to review delinquent accounts.

Effect – This condition could result in unrecorded or misstated prisoner room and board revenues and receivables.

Recommendation – The County should implement policies and procedures to ensure prisoner room and board billings, collections and accounts receivable balances are reconciled on a monthly basis. An independent person should periodically review the reconciliations for propriety and the reviews performed should be documented by the signature or initials of the reviewer and the date of the review. Delinquent accounts should be submitted to the magistrate timely and be reviewed by an independent person.

Response – We are currently working on this to the best of our ability and will continue to work on it based on our available resources.

Conclusion – Response accepted.

(E) Computer System

Criteria – Properly designed policies and procedures pertaining to control activities over the County's computer systems and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable, regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – The County does not have written policies for:

- Information system security, including password privacy and confidentiality.
- Requiring password changes because the software does not require users to change log-ins/passwords periodically.
- Usage of the internet.

Also, the County does not have a written disaster recovery plan.

Cause – Management has not required written policies for the above computer based controls.

Effect – Lack of written policies for computer based systems could result in a loss of data or compromised data, resulting in unreliable financial information. The failure to have a formal disaster recovery plan could result in the County's inability to function in the event of a disaster or continue County business without interruption.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over its computer systems. A written disaster recovery plan should also be developed.

Response – The Board will direct the Computer Committee to work on these policies.

Conclusion – Response accepted.

(F) Conservation Welcome Center

Criteria – An effective internal control system provides for internal controls related to reconciling monthly bank statements to book balances and daily collections to deposit to ensure the accuracy of accounting records.

Condition – Although monthly reconciliations of book to bank balances were prepared, the independent review or the date of review was not always documented.

The daily credit card and cash sales records are not reconciled to deposits by an independent person. Voided receipts are not reviewed.

Cause – Policies have not been established and procedures have not been implemented to require an independent review of bank reconciliations or an independent review of reconciliations of daily collections to deposit and voided receipts.

Effect – Lack of independent review of the bank reconciliations and the independent review of reconciliations of daily collections to deposit and voided receipts increases the risk misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, the reconciliation of the book and bank balances should be reviewed by an independent person and documented by the signature or initials of the reviewer and the date of the review.

An independent review of the reconciliation of daily collections to deposit and voided receipts should be performed periodically. The review of the reconciliation should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will look into it and work with the County Auditor's Office.

Conclusion – Response accepted.

(G) Conservation Welcome Center Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – The Conservation Welcome Center did not prepare a year-to-date summary of receipts and disbursements for financial reporting. Additionally, fees for credit card processing are automatically deducted from the Welcome Center's checking account. These amounts were not included in the County's budget or financial reports.

Cause – County policies do not require and procedures have not been established to require a year-to-date summary of receipts and disbursements as well as requiring all transactions to run through the County's accounting system to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions.

Recommendation – A year-to-date summary of receipts and disbursements should be prepared for financial reporting. Also, the credit card processing fees should be paid by claim approved by the Conservation Board and included in the County's accounting system.

Response – We will look into it and work with the County Auditor's Office.

Conclusion – Response accepted.

(H) K-9 Account Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to reconciling monthly bank statements to the book balance to ensure the accuracy of the book balance.

Condition – The County Sheriff's Office has not been consistently preparing a monthly bank to book reconciliation.

Cause – Policies have not been established and procedures have not been implemented to reconcile monthly bank statements to ensure the accuracy of the book balance.

Effect – Since monthly bank statement reconciliations were not prepared, misstatements of the book balance may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, the reconciliation of the book and bank balances should be prepared and reviewed by an independent person and documented by the signature or initials of the reviewer and the date of the review.

Response – Plans are to discontinue this account and to set up a Tobacco Compensation account being this is the only thing this account is used for.

Conclusion – Response acknowledged. The bank statements for this account should be reconciled to the book balance monthly.

(I) Public Health

Criteria – An effective internal control system provides for internal controls related to reconciling nursing service billings, collections and receivables to ensure the accuracy of nursing service collections and receivables.

Condition – Monthly reconciliations of billings, collections and receivables were not prepared.

Cause – Policies have not been established and procedures have not been implemented to reconcile nursing service billings, collections and receivables. Public Health nurses are not familiar with this reconciling process.

Effect – This condition could result in unrecorded or misstated nursing service revenues and receivables

Recommendation – The Public Health Department should develop procedures to reconcile billings, collections and receivables.

Response – Starting in fiscal year 2018 we are keeping monthly accounts receivable records to clarify outstanding billings.

Conclusion – Response acknowledged. The Public Health Department should develop procedures to reconcile billings, collections and receivables.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted by function. However, disbursements for the Conservation Department for the year ended June 30, 2017 exceeded the appropriation.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will monitor this more closely in the future.

Conclusion – Response accepted.

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

Paid to	Purpose	Amount
Amazon	Expenses for Amazon Prime membership	$ 99
US Bank	Expenses for sales tax on the purchase of Dell Outlet mini tower	74

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

The Emergency Management and Secondary Roads departments should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Emergency Management response – When ordering equipment and/or supplies, the benefit of free shipping in a timely manner is beneficial to daily operations.

Secondary Roads response – The sales tax of $74 was included in a purchase because we have made the determination that paying the sales tax is more cost effective than spending hours in the process of applying for and getting approved for a direct bill/tax free government account for purchases from companies that we purchase from very infrequently. We only do this when we have no equal options without tax.

Conclusion – Response acknowledged. The Emergency Management and Secondary Roads departments should clearly document the public purpose served on supporting documentation.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Kris Pauley, Deputy Auditor, Mother of Megan Pauley	Assist with elections	$ 103
Gary Barrineau, Conservation Technician, Spouse of Beth Barrineau	Food catering for Conservation department	599
Larry Oliver, Emergency Management Director, father of Carter Oliver	Gutter cleaning at County Sheriff's office	155
Brenda Loftus, Assessor, daughter-in-law of Kevin Loftus, Owner of Loftus Heating & Air Conditioning	Purchase of furnaces, air conditioners and routine maintenance for other County departments	35,225
Bryon Vennink, Conservation Park Ranger, Owner of Home Town Hardware Inc.	Purchase of electrical supplies and parts for Conservation department	7,850

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Megan Pauley, Beth Barrineau and Carter Oliver do not appear to represent conflicts of interest since total transactions with each individual were less than $1,500 during the fiscal year.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Loftus Heating & Air Conditioning for other County departments do not represent a conflict of interest since the County Assessor's remuneration of employment is not directly affected as a result of the transactions and her duties do not directly involve procurement of the furnaces, air conditioners and routine maintenance.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Home Town Hardware Inc. may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

Recommendation – The County should consult legal counsel to determine the disposition of these matters.

Response – We will look into these transactions.

Conclusion – Response acknowledged. The County should consult legal counsel to determine the disposition of these matters.

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

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

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

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

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

Disbursements during the year ended June 30, 2017 for the County Extension Office did not exceed the amount budgeted.

(10) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Staff

This audit was performed by:

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