

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

April 1, 2015

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

The County had local tax revenue of \$39,168,299 for the year ended June 30, 2014, which included \$1,784,434 in tax credits from the state. The County forwarded \$31,053,583 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,114,716 of the local tax revenue to finance County operations, a 1.4% increase over the prior year. Other revenues included charges for service of \$5,082,710, operating grants, contributions and restricted interest of \$4,168,759, capital grants, contributions and restricted interest of \$1,518,064, tax increment financing of \$160,994, local option sales tax of \$977,613, unrestricted investment earnings of \$100,510 and other general revenues of \$493,173.

Expenses for County operations for the year ended June 30, 2014 totaled \$18,097,242, a 2.1% increase over the prior year. Expenses included \$6,553,527 for roads and transportation, \$3,313,403 for public safety and legal services and \$1,856,292 for administration.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0008-B00F.pdf>.

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BOONE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2014

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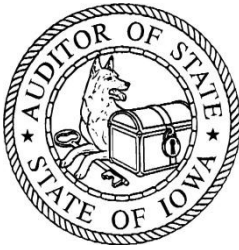
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Boone County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Duffy	Board of Supervisors	Jan 2015
Thomas Foster	Board of Supervisors	Jan 2017
Chet Hollingshead	Board of Supervisors	Jan 2017
Philippe Meier	County Auditor	Jan 2017
Darcy Bosch	County Treasurer	Jan 2015
Veronica Rardin	County Recorder	Jan 2015
Greg Elsberry	County Sheriff	Jan 2017
Adrina Kester	County Attorney	(Resigned)
Daniel Kolacia (Appointed)	County Attorney	Nov 2014
Paul Overton	County Assessor	Jan 2016

Boone County



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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Officials of Boone 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 Boone County, Iowa, as of and for the year ended June 30, 2014, 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 Boone County as of June 30, 2014, 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 and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 22 and 58 through 62 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

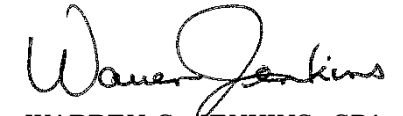
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and 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 4, 2015 on our consideration of Boone County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Boone County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 4, 2015

Boone County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Boone 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 (FY) ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FISCAL YEAR 2014 FINANCIAL HIGHLIGHTS

- Boone County's governmental activities revenues decreased \$563,959, or 3.1%, compared to FY2013. Taxes levied on property increased \$104,673, or 1.3%, over FY2013.
- Boone County's governmental activities expenses increased \$435,769, or 2.8%, compared to FY2013.
- Boone County's total net position increased \$2,519,296 over FY2013, or approximately 5.2%.

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 Boone 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 Boone 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 Boone County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net Position presents financial information on all of the County's assets, 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) Proprietary Funds account for the County's Enterprise Funds. Boone County's Enterprise, Landfill Operations and Ground Water Tax Funds account for the financial activity of the Boone County Landfill.

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

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

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

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

BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of financial position. Boone County's combined net position increased 5.2% from a year ago, increasing from approximately \$48.2 million to approximately \$50.7 million. The analysis that follows focuses on the net position of governmental and business type activities.

	Net Position of Boone County Activities					
	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 14,856,407	18,347,193	6,837,274	5,719,976	21,693,681	24,067,169
Capital assets	43,725,070	41,573,731	2,774,451	3,000,558	46,499,521	44,574,289
Total assets	58,581,477	59,920,924	9,611,725	8,720,534	68,193,202	68,641,458
Long-term liabilities	5,235,141	5,699,068	3,588,996	3,557,923	8,824,137	9,256,991
Other liabilities	638,254	3,147,688	234,094	120,358	872,348	3,268,046
Total liabilities	5,873,395	8,846,756	3,823,090	3,678,281	9,696,485	12,525,037
Deferred inflows of resources	7,749,000	7,888,000	-	-	7,749,000	7,888,000
Net position:						
Net investment						
in capital assets	41,285,037	38,738,037	2,071,410	2,220,040	43,356,447	40,958,077
Restricted	3,939,590	4,209,551	696,805	733,701	4,636,395	4,943,252
Unrestricted	(265,545)	238,580	3,020,420	2,088,512	2,754,875	2,327,092
Total net position	\$ 44,959,082	43,186,168	5,788,635	5,042,253	50,747,717	48,228,421

Net position of Boone County's governmental activities increased 4.1% (approximately \$45.0 million compared to approximately \$43.2 million). The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, buildings and equipment). The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for spending. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements, decreased from approximately \$239,000 at June 30, 2013 to a deficit of approximately \$266,000 at the end of this year, a decrease of 211.3%. The deficit is a result of the County's outstanding debt related to the Central Iowa Expo loan guarantee.

The following table entitled "Changes in Net Position of Boone County Activities" compares the changes in detail. Looking at the County as a whole, revenues increased less than 1% and expenses increased approximately 2.1%. Revenues of the County as a whole increased \$109,618 compared to FY2013. Operating grants decreased \$1,113,069, which mostly represents decreased mental health funding from the State, while capital grants increased \$193,546. Charges for service increased 13.6%, property tax related revenue increased 1.4%, local option sales tax revenue increased 13.4% and other revenue increased 58.9% compared to FY2013. A look at expenses by function reveals public safety and legal services expenses increased 4.5%, physical health and social services expenses increased 3.8%, mental health expenses decreased 18.2%

with the continued implementation of the mental health redesign with the State of Iowa retaining all Medicaid related revenue to pay expenses, county environment and education expenses decreased 9.4% due to completion in FY2013 of a culvert repair on the high trestle trail started during FY2011, which was partially offset by FEMA grants, roads and transportation expenses increased 9.9% due to less spending on construction projects and more on maintenance and operations, governmental services to residents expenses decreased 3.0%, administration expenses increased 5.7%, interest on long-term debt decreased 1.0% and solid waste expenses decreased 3.0% compared to FY2013.

Changes in Net Position of Boone County Activities						
	Governmental		Business Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for service	\$ 2,063,605	2,095,494	3,019,105	2,378,195	5,082,710	4,473,689
Operating grants, contributions and restricted interest	4,153,062	5,281,222	15,697	606	4,168,759	5,281,828
Capital grants, contributions and restricted interest	1,518,064	1,324,518	-	-	1,518,064	1,324,518
General revenues:						
Property tax - general purposes	7,211,033	7,080,347	-	-	7,211,033	7,080,347
Property tax - debt service	539,685	596,261	-	-	539,685	596,261
Tax increment financing	160,994	150,090	-	-	160,994	150,090
Penalty and interest on property tax	85,228	92,893	-	-	85,228	92,893
State tax credits	363,998	325,030	-	-	363,998	325,030
Local option sales tax	977,613	862,332	-	-	977,613	862,332
Grants and contributions not restricted to specific purposes	33,211	59,307	-	-	33,211	59,307
Unrestricted investment earnings	68,287	87,241	32,223	14,647	100,510	101,888
Gain on disposition of capital assets	210,638	75,352	-	-	210,638	75,352
Miscellaneous	164,095	83,386	-	-	164,095	83,386
Total revenues	17,549,513	18,113,473	3,067,025	2,393,448	20,616,538	20,506,921
Program expenses:						
Public safety and legal services	3,313,403	3,170,636	-	-	3,313,403	3,170,636
Physical health and social services	638,766	615,143	-	-	638,766	615,143
Mental health	1,065,632	1,303,401	-	-	1,065,632	1,303,401
County environment and education	1,563,860	1,726,666	-	-	1,563,860	1,726,666
Roads and transportation	6,553,527	5,964,185	-	-	6,553,527	5,964,185
Governmental services to residents	535,037	551,746	-	-	535,037	551,746
Administration	1,856,292	1,756,440	-	-	1,856,292	1,756,440
Interest on long-term debt	250,082	252,613	-	-	250,082	252,613
Solid waste	-	-	2,320,643	2,391,237	2,320,643	2,391,237
Total expenses	15,776,599	15,340,830	2,320,643	2,391,237	18,097,242	17,732,067
Change in net position	1,772,914	2,772,643	746,382	2,211	2,519,296	2,774,854
Net position beginning of year, as restated	43,186,168	40,413,525	5,042,253	5,040,042	48,228,421	45,453,567
Net position end of year	\$ 44,959,082	43,186,168	5,788,635	5,042,253	50,747,717	48,228,421

The amounts reported for governmental activities in the Governmental Funds Balance Sheet are different than the Statement of Net Position because:

<u>Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position</u>	
Total Governmental Fund Balances	\$ 6,202,639
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$75,915,531 and the accumulated depreciation is \$32,190,461.	43,725,070
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.	292,969
Long-term liabilities, including notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(5,261,596)</u>
Net Position of Governmental Activities	<u>\$ 44,959,082</u>

The County-wide taxable valuation increased approximately 6.1% and the County's rural taxable valuation increased approximately 6.8%. The budgetary requirements of the County for county-wide purposes required a County-wide levy rate of \$5.02740/\$1,000 of taxable valuation, a decrease of 6% from the FY2013 levy rate. The total decrease in dollars levied County-wide was \$19,719, or .3%.

The budgetary requirements of the County for rural services required a rural services levy rate of \$2.57131/\$1,000 of taxable rural valuation, which is approximately \$.0012/\$1,000 of taxable rural valuation higher than the FY 2013 levy rate. The total increase in dollars levied in unincorporated or rural areas of Boone County for the Rural Services Fund increased 6.8%, or \$124,381.

A relatively stagnant property tax base has the potential of putting a governmental entity in financial harm as revenues may not be sufficient to offset the cost of government inflation. Boone County was fortunate to be able to levy enough property tax to remain stable and maintain the essential services County residents expect and deserve. See the detail on property tax in the following table:

	<u>Property Tax Levied</u>	
	<u>FY2014</u>	<u>FY2013</u>
County-wide taxable valuation	\$ 1,220,225,377	1,149,815,146
County-wide levy rate without debt service	4.58196	4.82603
Dollars levied without debt service	5,591,024	5,549,047
County-wide taxable debt service valuation	1,260,968,296	1,192,602,371
County debt service levy rate	0.44544	0.52270
Dollars levied for debt service	561,686	623,371
Total County-wide rate	5.02740	5.34873
Total dollars levied County-wide	6,152,710	6,172,418
Rural taxable valuation	758,898,675	710,859,081
Rural tax levy rate	2.57131	2.57011
Dollars levied rural area only	1,951,364	1,826,983
Total dollars levied	8,104,074	7,999,401

Governmental Activities

This is the twelfth year Boone County has prepared financial statements on a full accrual basis. Management will analyze and compare revenues and expenses detailing percentage increases or decreases and explain the reasons they occurred.

- Revenues for governmental activities were approximately \$17.5 million in FY2014, which is a 3.1% decrease compared to FY2013. Expenses for governmental activities totaled approximately \$15.8 million, an increase of 2.8% compared to FY2013. In a difficult budgeting year, Boone County did a remarkable job maintaining expenses to match available revenues, noting the County's net position of governmental activities ended the year at approximately \$45.0 million, a 4.1% increase over FY2013.
- The local option sales tax revenue of \$977,613 contributed greatly to the increase in the net position of governmental activities. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the local option sales tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax increased 13.4% compared to FY2013. The County believes the local option sales tax revenue indicates the relative economic strength of the local business economy, which reflects a steady local economy.

Net Cost of Governmental Activities

Function	Expenses	Program Revenues		FY2014 Net Expense or (Revenue)	FY2013 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions		
Public safety and legal services	\$ 3,313,403	441,007	40,826	2,831,570	2,464,867
Physical health and social services	638,766	26,591	473,418	138,757	(1,623,379)
Mental health	1,065,632	142,407	362,360	560,865	1,159,596
County environment and education	1,563,860	352,366	181,252	1,030,242	1,208,994
Roads and transportation	6,553,527	614,061	4,595,469	1,343,997	1,417,517
Governmental services to residents	535,037	465,259	-	69,778	35,827
Administration	1,856,292	21,914	17,801	1,816,577	1,723,561
Interest on long-term debt	250,082	-	-	250,082	252,613
Total	\$15,776,599	2,063,605	5,671,126	8,041,868	6,639,596

- The cost of all governmental activities this year was approximately \$15.8 million, an increase of approximately \$436,000, or 2.8%, over FY2013.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$2.1 million, a decrease of approximately \$32,000, or 1.5 %, compared to FY2013.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$5.7 million, a decrease of 14.1% compared to FY2013.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$8,360,938, local option sales tax of \$977,613, unrestricted grants and contributions of \$33,211, unrestricted investment earnings of \$68,287, gain on disposition of capital assets of \$210,638 and other miscellaneous revenue of \$164,095. Total general revenues for FY2014 were \$9,814,782, up \$402,543, or 4.3%, compared to FY2013.

Business Type Activities

Function	Program Revenues				
	Expenses	Charges for Service	Operating and Capital Grants and Contributions	FY2014 Net Expense or (Revenue)	FY2013 Net Expense or (Revenue)
Solid waste	\$ 2,320,643	3,019,105	15,697	(714,159)	12,436

Program revenues of the Boone County Landfill increased 27.6% to \$3,304,802 when compared to FY2013 as the landfill had an increase of tonnage of over 13,000 tons. Also, the tonnage brought in by Story County C&D is charged twice our local cost per ton and tonnage increased by almost 1,700 tons. In addition, part of this increase also comes from the Ames Resource Recovery Plant not being able to handle the increase over the previous year, which meant the Boone County Landfill had to take more of the municipal solid waste that would otherwise be burned as fuel. Program revenues were \$656,001 more than FY2013. Expenses decreased 3.0% to approximately \$2.3 million. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- During FY2012, the Boone County Landfill implemented a new system for managing waste. The new system uses a low speed, high torque mobile grinder and a separate grapple equipped excavator to achieve maximum density of landfilled waste. The new system, the first of its type in Iowa, will help extend the capacity of the landfill and offers a new opportunity to reclaim metals. The system was implemented in April 2012.
- Keep Boone County Beautiful (KBCB) continued to offer assistance to area cleanup activities. It again hosted the Dragoon River Romp and Keep Boone County Scenic events.
- Commencing on July 1, 2011, the Boone County Landfill became the sole landfill in the Central Iowa Waste Management Association (CIWMA). This followed the closure of the Ames/Story C&D Landfill. This waste stream is charged a rate twice the rate paid by customers from the Landfill's primary service area.
- The Landfill's comprehensive planning area received approval of its 2009 plan update in February 2010. The IDNR calculated the planning area's landfill waste diversion rate at 55%. The planning area is one of two in the state which exceeds the State of Iowa's 50% diversion goal.

MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

As previously noted, Boone County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Boone County as a whole is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$6,202,639, 12% less than last year's total of \$7,046,582.

General Fund

General Fund		
	FY2014	FY2013
Beginning fund balance	\$ 2,249,527	1,858,920
Property tax, including penalty and interest	4,582,840	4,542,808
Local option sales tax	279,600	208,583
Intergovernmental	985,756	2,874,691
Permits and charges for service	918,949	1,023,312
Interest and use of property	109,834	126,661
Miscellaneous	150,128	91,392
Sale of capital assets	11,059	10,774
Total revenues	7,038,166	8,878,221
Public safety and legal services	3,130,049	2,919,253
Physical health and social services	640,190	617,137
County environment and education	749,962	690,526
Governmental services to residents	530,966	546,835
Administration	1,779,060	1,582,486
Capital projects	229,061	2,131,377
Transfers to other funds	205,913	-
Total expenditures and transfers	7,265,201	8,487,614
Ending fund balance	\$ 2,022,492	2,249,527

The amounts presented combine the general basic, general supplemental, FEMA sub-fund for culvert repair and Central Iowa Expo (CIE) road sub-fund to administer Iowa Department of Transportation (IDOT) funding for the experimental project on the CIE road system, county farm land sale proceeds and conservation land acquisition funds.

Total property tax revenue increased less than 1%. Local option sales tax revenue increased 34% and intergovernmental revenue decreased 65.7% as there were no construction projects like the IDOT funding for street construction on County land managed by CIE which was mostly completed in FY2013. Revenue from user fees decreased 10.2% and interest and use of property decreased 13.3% due to a decrease from renting jail space to neighboring counties. Total revenues decreased 20.7% compared to FY2013.

Total expenditures and transfers decreased 14.4%, or \$1,222,413, compared to FY2013. The decrease in expenditures was to grant funds spent in the prior year on the county owned land at the Expo site.

The General Fund ending balance is 27.8% of total expenditures and transfers for FY2014 compared to 26.5% for FY2013.

Special Revenue Funds

Mental Health Fund		
	FY2014	FY2013
Beginning fund balance	\$ 75,232	289,229
Property tax	840,041	842,073
Intergovernmental	603,121	242,309
Miscellaneous	5,802	1,167
Total revenues	1,448,964	1,085,549
Mental illness	58,210	73,482
Chronic mental illness	559,922	833,479
Mental retardation	132,535	381,840
Developmental disability	11,741	10,745
Administrative	289,443	-
Total expenditures	1,051,851	1,299,546
Ending fund balance	\$ 472,345	75,232

Boone County levied the maximum levy established by the Mental Health Fund base year calculation. The FY2014 ending fund balance was 44.9% of FY2014 expenditures compared to 5.8% for FY2013. Revenues increased 33.5% as intergovernmental revenue was \$360,812 more than FY2013. Mental health expenditures were 19.1% lower compared to FY2013.

Boone County has joined the Central Iowa Community Service Region as provided for in the mental health redesign.

Rural Services Fund		
	FY2014	FY2013
Beginning fund balance	\$ 703,913	584,483
Property tax	1,871,509	1,757,386
Local option sales tax	691,019	625,749
Intergovernmental	87,363	97,955
Permits, charges for service and miscellaneous	35,013	30,710
Total revenues	2,684,904	2,511,800
Public safety and legal services	155,031	148,781
County environment and education	327,911	264,034
Governmental services to residents	1,032	1,042
Transfers to other funds	2,013,957	1,978,513
Total expenditures and transfers	2,497,931	2,392,370
Ending fund balance	\$ 890,886	703,913

Property tax revenue for FY2014 was up \$114,123, or 6.5%. The local effort for Secondary Roads was maintained at 90% of the maximum allowed to be levied for the Secondary Roads Fund.

- Local option sales tax revenue in the Rural Services Fund increased 10.4% compared to FY2013.
- Total property tax related revenue (\$1,871,509) is less than the amount transferred to the Secondary Roads Fund (\$2,013,957) by \$142,448, which means local option sales tax pays for all of the services in the Rural Services Fund and part of the road expenses. This is where rural residents realize direct property tax relief because of the local option sales tax.
- The Rural Services Fund ending fund balance now represents 35.7% of the Rural Services Fund expenditures, including transfers to the Secondary Roads Fund, compared to 29.4% for FY2013.

Secondary Roads Fund		
	FY2014	FY2013
Beginning fund balance	\$ 2,678,156	2,442,736
State fuel tax and other state revenue	3,675,241	3,487,907
Permits, charges for service and miscellaneous	420,843	103,389
Use of money and property	1,014	-
Transfers from other funds	2,219,870	1,978,513
Sale of capital assets	637	
Total revenues and transfers	6,317,605	5,569,809
Secondary road maintenance	5,728,977	4,997,451
Secondary road construction	1,396,190	336,938
Total expenditures	7,125,167	5,334,389
Ending fund balance	\$ 1,870,594	2,678,156

- Secondary Roads Fund revenue and transfers increased 13.4% compared to FY2013. Intergovernmental revenue was higher by \$187,334, primarily due to higher road use tax revenues, an \$85,000 increase in bridge funds and approximately \$330,000 of private contributions for two road projects. Transfers were \$241,357 more than in FY2013.
- Secondary Roads Fund expenditures increased \$1,790,778 compared to FY2013, an increase of 33.6%. The increase was primarily due to higher road maintenance and equipment operations.

The ending fund balance compared to total expenditures decreased to 26.3% in FY2014 compared to 50.2% in FY2013.

Debt Service Fund

	FY2014	FY2013
Beginning fund balance	\$ 220,608	136,712
Property tax	537,084	598,517
Intergovernmental and miscellaneous	25,248	25,081
Transfers from other funds	159,900	157,700
Total revenues and transfers	722,232	781,298
Principal	530,000	425,000
Interest	206,588	272,402
Total expenditures	736,588	697,402
Ending fund balance	\$ 206,252	220,608

The Debt Service Fund accumulates resources and pays the principal and interest on the County's general obligation bonds and notes. At the end of FY2014, the County had \$4,802,373 of debt outstanding subject to the debt service tax levy.

Capital Projects Fund

	FY2014	FY2013
Beginning fund balance	\$ 664,271	1,134,010
County environment and education expenditures	430,594	469,739
Ending fund balance	\$ 233,677	664,271

During the year ended June 30, 2007, the County issued \$1,500,000 of general obligation capital loan notes to purchase land for the site of the Farm Progress Show. The proceeds of the notes were placed in the Capital Projects Fund to account for this major project. The County issued debt in FY2009 to retire the capital loan notes issued for the original purchase of Central Iowa Expo (CIE) Land. The County also agreed to guarantee the first five years of payments on the loan the Central Iowa Expo Board obtained to develop the site, with the balance of the loan guaranteed by the USDA. In the prior year, the County refinanced the short term CIE guarantee payments. Included in the borrowing were funds to meet the County's five year guarantee which ended May 2014.

BUSINESS TYPE FUND HIGHLIGHTS

- FY2014 was the Boone County Landfill's 44th year of operation. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level which exceeds regulatory requirements.
- In 2010, the IDNR calculated the CIWMA planning area had landfilled 45% of the region's waste. At that time, only two planning areas in the state of Iowa achieved this level of waste diversion.

Landfill Operations Fund

- Landfill Operations Fund revenue was \$3,067,025, an increase of 28.1% compared to FY2013, primarily due to the temporary diversion of Ames/Story Construction and Demolition Landfill refuse to Boone County when the Ames facility closed in FY2013 and fee adjustments and landfill policies on construction demolition resulted in decreased tonnage being buried.
- Operating expenses decreased 2.9% compared to FY2013.
- Landfill operations revenue increased \$640,910 during FY2014 compared to FY2013, primarily due to an increase in construction demolition waste and power plant material that is normally burned from Ames and Story County at a rate double our normal tonnage fee.

Keep Boone County Beautiful Sub-Account

This sub-account (within the Landfill Operations Fund) was started to manage several projects of Landfill interest, including:

The Dragoon River Romp.

Adopt a County Road, City Street or favorite place.

Environmental education.

Keep Boone County Scenic pick up litter day.

Boone County Recycling Center Sub-Account

This sub-account (within the Landfill Operations Fund) was started to manage expenses associated with the Boone County Recycling Center. The Landfill contracts with Genesis Development to operate the facility under the management of the Landfill administrator/recycling coordinator. Both the operating agreement and facility lease were renewed during FY2014.

The County has been exploring options to buy or construct a new recycling center. During FY2014, these efforts focused on purchasing land from the Iowa Railroad historical society to construct a new facility.

Landfill Closure/Postclosure Sub-Account

- The Landfill Closure/Postclosure sub-account has assets totaling \$3,393,075. The fund is now fully funded in accordance with IDNR requirements.
- No closure/postclosure costs were expended from this sub-account during FY2014.

Ground Water Tax Fund (Local Portion of Tip Fee Surcharge)

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the tonnage received by the Landfill subject to the surcharge. Tonnage received due to exceptional events is exempt from the state surcharge.

Expenses for FY2014 include funding for:

- A portion of recyclables processing costs carried out by Genesis Development in Greene County.
- Special event advertising.

BUDGETARY HIGHLIGHTS

Over the course of the year, Boone County amended its budget two times.

The first amendment was made in December 2013 and resulted in an increase in budgeted disbursements related to mental health as well as the CIE road project and high bridge culvert repair.

On June 4, 2014, the County Board of Supervisors amended the FY2014 budget a second time for the following:

- Increased expected intergovernmental receipts of \$297,000 for Iowa Department of Transportation (IDOT) transfer of jurisdiction funds on 219th Lane (\$285,000) and a federal grant to the Boone County Sheriff's Office (\$12,170).
- Increased miscellaneous receipts of \$87,000 as property owners along 219th Lane paid the difference between the cost of paving roadway and the amount the County received from IDOT for transfer of jurisdiction.
- Disbursements in the public safety and legal services function were increased \$37,170 to reflect increased County Attorney court related disbursements by \$25,000 and an additional \$12,170 to allow the County Sheriff to spend new federal grant funds. County environment and education budgeted disbursements were increased \$10,000 to allow county conservation to contribute to the county-wide trail study. Budgeted capital project disbursements were increased \$372,000 for resurfacing 219th Lane.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$19,068,016 were approximately \$2.2 million less than the amended budget. Receipts of \$17,334,424 were approximately \$828,000 less than the amended budget.

CAPITAL ASSETS

Boone County's governmental and business type activities concluded FY2014 with \$46,499,521 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

In FY2004, Boone County issued general obligation bonds of \$4,835,000 for the purpose of refinancing the original jail project bonds. The County's bond rating for the refinancing issue is Aa3. The bond rating firm requires a higher ending fund balance than the County has determined is necessary to receive a higher bond rating. During FY2010, the County issued general obligation capital loan notes of \$3,190,000 for the purpose of refinancing the jail bonds. The final payment on these notes will be in FY2018.

In prior years, the County borrowed \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during FY2009. The balance due for the purchase of land for CIE is \$1,295,000 and is currently scheduled to be paid by June 30, 2029.

To help establish the Central Iowa Expo (CIE) in Boone County, the County guaranteed part of the debt the CIE has with Community Bank of Boone. As of June 30, 2012, the County refinanced this obligation by converting the short term financing to urban renewal general obligation capital loan notes of \$2,465,000 which are currently scheduled to be paid by June 30, 2031.

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

FACTORS BEARING ON THE FUTURE

Boone County's elected and appointed officials and citizens considered many factors when setting the FY2015 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 14,990 for calendar year 2013. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2014 was 3.5% versus 3.9% a year before. This compares with the State's unemployment rate of 4.4% for the same period ended June 30, 2014.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with 1.4% less property tax dollars compared to FY2014. The actual decrease from FY2014 to FY2015 is approximately \$94,000.

The above factors were all part of the considerations for the FY2015 budget, which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars.)

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 4,740,838	0.6%
Mental Health Fund	878,967	0.0
Rural Services Fund	1,957,912	0.3
Debt Service Fund	432,205	(23.1)
Total	<u>\$ 8,009,922</u>	<u>(1.2)%</u>

Boone County attempted to maintain the current level of services as the FY2015 budget was developed. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for FY2015 are as follows:

General basic levy	\$ 3.50000
General supplemental levy	0.36431
Mental health levy	0.71646
Rural services basic levy	2.57131
Debt service levy	0.34084

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demand for county services. The County-wide taxable valuation for the FY2015 budget exceeds \$1 billion for the sixth time in County history.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Boone County citizens, taxpayers, customers, investors and creditors with a general overview of Boone County's finances and to demonstrate Boone County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Boone County Auditor's Office, 201 State Street, Boone, Iowa 50036.

Basic Financial Statements

Exhibit A

Boone County
Statement of Net Position
June 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 4,860,179	3,058,151	7,918,330
Cash and cash equivalents - restricted	-	3,520,935	3,520,935
Receivables:			
Property tax:			
Delinquent	31,359	-	31,359
Succeeding year	7,749,000	-	7,749,000
Interest and penalty on property tax	119,856	-	119,856
Accounts	28,692	240,281	268,973
Accrued interest	5,024	6,058	11,082
Drainage assessments	31,819	-	31,819
Special assessments	10,962	-	10,962
Road assessments	12,024	-	12,024
Loan	100,000	-	100,000
Internal balances	(7,337)	7,337	-
Due from other governments	806,280	3,277	809,557
Inventories	1,102,420	-	1,102,420
Capital assets, net of accumulated depreciation	43,725,070	2,774,451	46,499,521
Assets in excess of net OPEB obligation	6,129	1,235	7,364
Total assets	58,581,477	9,611,725	68,193,202
Liabilities			
Accounts payable	460,489	181,079	641,568
Accrued interest payable	32,584	-	32,584
Salaries and benefits payable	128,750	10,838	139,588
Due to other governments	16,431	42,177	58,608
Long-term liabilities:			
Portion due or payable within one year:			
General obligation notes	450,000	-	450,000
Urban renewal general obligation notes	95,000	-	95,000
Capital lease purchase agreement	-	75,770	75,770
Compensated absences	432,768	30,372	463,140
Portion due or payable after one year:			
General obligation notes	1,990,033	-	1,990,033
Urban renewal general obligation notes	2,267,340	-	2,267,340
Capital lease purchase agreement	-	627,271	627,271
Estimated liability for landfill closure and postclosure care	-	2,855,583	2,855,583
Total liabilities	5,873,395	3,823,090	9,696,485
Deferred Inflows of Resources			
Unavailable property tax revenue	7,749,000	-	7,749,000
Net Position			
Net investment in capital assets	41,285,037	2,071,410	43,356,447
Restricted for:			
Supplemental levy purposes	133,238	-	133,238
Mental health purposes	435,525	-	435,525
Rural services purposes	943,842	-	943,842
Secondary roads purposes	1,675,256	-	1,675,256
Law enforcement purposes	188,718	-	188,718
Landfill closure and postclosure care	-	537,492	537,492
Other purposes	563,011	159,313	722,324
Unrestricted	(265,545)	3,020,420	2,754,875
Total net position	\$ 44,959,082	5,788,635	50,747,717

See notes to financial statements.

Boone County
Statement of Activities
Year ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety and legal services	\$ 3,313,403	441,007	40,826	-	(2,831,570)	-	(2,831,570)
Physical health and social services	638,766	26,591	473,418	-	(138,757)	-	(138,757)
Mental health	1,065,632	142,407	362,360	-	(560,865)	-	(560,865)
County environment and education	1,563,860	352,366	95,194	86,058	(1,030,242)	-	(1,030,242)
Roads and transportation	6,553,527	614,061	3,163,463	1,432,006	(1,343,997)	-	(1,343,997)
Governmental services to residents Administration	535,037	465,259	-	-	(69,778)	-	(69,778)
Interest on long-term debt	1,856,292	21,914	17,801	-	(1,816,577)	-	(1,816,577)
	250,082	-	-	-	(250,082)	-	(250,082)
Total governmental activities	15,776,599	2,063,605	4,153,062	1,518,064	(8,041,868)	-	(8,041,868)
Business type activities:							
Solid waste	2,320,643	3,019,105	15,697	-	-	714,159	714,159
Total	\$ 18,097,242	5,082,710	4,168,759	1,518,064	(8,041,868)	714,159	(7,327,709)
General Revenues:							
Property and other county tax levied for:							
General purposes					7,211,033	-	7,211,033
Debt service					539,685	-	539,685
Tax increment financing					160,994	-	160,994
Penalty and interest on property tax					85,228	-	85,228
State tax credits					363,998	-	363,998
Local option sales tax					977,613	-	977,613
Grants and contributions not restricted to specific purposes					33,211	-	33,211
Unrestricted investment earnings					68,287	32,223	100,510
Gain on disposition of capital assets					210,638	-	210,638
Miscellaneous					164,095	-	164,095
Total general revenues					9,814,782	32,223	9,847,005
Change in net position					1,772,914	746,382	2,519,296
Net position beginning of year					43,186,168	5,042,253	48,228,421
Net position end of year					\$ 44,959,082	5,788,635	50,747,717

See notes to financial statements.

Boone County
Balance Sheet
Governmental Funds

June 30, 2014

Assets	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Cash, cash equivalents and pooled investments	\$ 2,121,241	515,721	816,270	468,759
Receivables:				
Property tax:				
Delinquent	19,522	3,619	4,577	-
Succeeding year	4,481,000	831,000	1,847,000	-
Interest and penalty on property tax	119,856	-	-	-
Accounts	2,976	5,402	-	13,441
Accrued interest	4,935	-	-	-
Drainage assessments	-	-	-	-
Special assessments	10,962	-	-	-
Road assessments	-	-	-	12,024
Loan	100,000	-	-	-
Due from other funds	401	-	-	8,962
Due from other governments	104,030	6,431	164,675	523,926
Inventories	-	-	-	1,102,420
Total assets	\$ 6,964,923	1,362,173	2,832,522	2,129,532
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 185,891	45,475	26,503	196,545
Salaries and benefits payable	69,369	6,497	2,697	50,187
Due to other funds	14,274	-	2,522	68
Due to other governments	11,737	3,355	50	114
Total liabilities	281,271	55,327	31,772	246,914
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	4,481,000	831,000	1,847,000	-
Other	180,160	3,501	62,864	12,024
Total deferred inflows of resources	4,661,160	834,501	1,909,864	12,024
Fund balances:				
Nonspendable:				
Inventories	-	-	-	1,102,420
Restricted for:				
Supplemental levy purposes	131,458	-	-	-
Mental health purposes	-	472,345	-	-
Rural services purposes	-	-	890,886	-
Secondary roads purposes	-	-	-	768,174
Conservation land acquisition/ capital improvements	67,526	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Law enforcement purposes	188,718	-	-	-
Resource enhancement and protection	-	-	-	-
Other purposes	-	-	-	-
Unassigned	1,634,790	-	-	-
Total fund balances	2,022,492	472,345	890,886	1,870,594
Total liabilities, deferred inflows of resources and fund balances	\$ 6,964,923	1,362,173	2,832,522	2,129,532

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
206,177	233,677	498,334	4,860,179
1,781	-	1,860	31,359
408,000	-	182,000	7,749,000
-	-	-	119,856
-	-	6,873	28,692
-	-	89	5,024
-	-	31,819	31,819
-	-	-	10,962
-	-	-	12,024
-	-	-	100,000
-	-	164	9,527
-	-	7,218	806,280
-	-	-	1,102,420
<u>615,958</u>	<u>233,677</u>	<u>728,357</u>	<u>14,867,142</u>
-	-	6,075	460,489
-	-	-	128,750
-	-	-	16,864
-	-	1,175	16,431
-	-	7,250	622,534
408,000	-	182,000	7,749,000
1,706	-	32,714	292,969
<u>409,706</u>	-	<u>214,714</u>	<u>8,041,969</u>
-	-	-	1,102,420
-	-	-	131,458
-	-	-	472,345
-	-	-	890,886
-	-	-	768,174
-	-	-	67,526
206,252	-	2,386	208,638
-	233,677	-	233,677
-	-	-	188,718
-	-	151,470	151,470
-	-	352,537	352,537
-	-	-	1,634,790
<u>206,252</u>	<u>233,677</u>	<u>506,393</u>	<u>6,202,639</u>
<u>615,958</u>	<u>233,677</u>	<u>728,357</u>	<u>14,867,142</u>

Boone County

Boone County

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

June 30, 2014

Total governmental fund balances (page 27)	\$ 6,202,639
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$75,915,531 and the accumulated depreciation is \$32,190,461.	43,725,070
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.	292,969
Long-term liabilities, including notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(5,261,596)</u>
Net position of governmental activities (page 24)	<u><u>\$ 44,959,082</u></u>

See notes to financial statements.

Boone County

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

Year ended June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,505,411	840,041	1,871,509	-
Local option sales tax	279,600	-	691,019	-
Interest and penalty on property tax	77,429	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	985,756	603,121	87,363	3,675,241
Licenses and permits	20,225	-	-	3,155
Charges for service	898,724	-	34,922	-
Use of money and property	109,834	-	-	1,014
Miscellaneous	150,128	5,802	91	417,688
Total revenues	7,027,107	1,448,964	2,684,904	4,097,098
Expenditures:				
Operating:				
Public safety and legal services	3,130,049	-	155,031	-
Physical health and social services	640,190	-	-	-
Mental health	-	1,051,851	-	-
County environment and education	749,962	-	327,911	-
Roads and transportation	-	-	-	5,728,977
Governmental services to residents	530,966	-	1,032	-
Administration	1,779,060	-	-	-
Debt service	-	-	-	-
Capital projects	229,061	-	-	1,396,190
Total expenditures	7,059,288	1,051,851	483,974	7,125,167
Excess (deficiency) of revenues over (under) expenditures	(32,181)	397,113	2,200,930	(3,028,069)
Other financing sources (uses):				
Sale of capital assets	11,059	-	-	637
Transfers in	-	-	-	2,219,870
Transfers out	(205,913)	-	(2,013,957)	-
Total other financing sources (uses)	(194,854)	-	(2,013,957)	2,220,507
Change in fund balances	(227,035)	397,113	186,973	(807,562)
Fund balances beginning of year	2,249,527	75,232	703,913	2,678,156
Fund balances end of year	\$ 2,022,492	472,345	890,886	1,870,594

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
537,084	-	-	7,754,045
-	-	-	970,619
-	-	-	77,429
-	-	160,994	160,994
25,248	-	16,383	5,393,112
-	-	-	23,380
-	-	4,870	938,516
-	-	18,215	129,063
-	-	169,952	743,661
562,332	-	370,414	16,190,819
-	-	90,839	3,375,919
-	-	-	640,190
-	-	-	1,051,851
-	430,594	65,693	1,574,160
-	-	-	5,728,977
-	-	2,464	534,462
-	-	-	1,779,060
736,588	-	-	736,588
-	-	-	1,625,251
736,588	430,594	158,996	17,046,458
(174,256)	(430,594)	211,418	(855,639)
-	-	-	11,696
159,900	-	-	2,379,770
-	-	(159,900)	(2,379,770)
159,900	-	(159,900)	11,696
(14,356)	(430,594)	51,518	(843,943)
220,608	664,271	454,875	7,046,582
206,252	233,677	506,393	6,202,639

Boone County

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

Year ended June 30, 2014

Change in fund balances - Total governmental funds (page 31) \$ (843,943)

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

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

Expenditures for capital assets	\$ 3,146,077	
Capital assets contributed by the Iowa Department of Transportation	1,147,005	
Depreciation expense	<u>(2,352,381)</u>	1,940,701

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. 210,638

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	(3,327)	
Other	<u>(2,808)</u>	(6,135)

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 in the current year, as follows:

Issued	(45,091)	
Repaid	<u>530,000</u>	484,909

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	(33,216)	
Other postemployment benefits	18,363	
Interest on long-term debt	<u>1,597</u>	<u>(13,256)</u>

Change in net position of governmental activities (page 25) \$ 1,772,914

See notes to financial statements.

Boone County
Statement of Net Position
Proprietary Funds

June 30, 2014

	Enterprise		Total
	Nonmajor		
	Landfill Operations	Ground Water Tax	
Assets			
Cash and cash equivalents	\$ 3,058,151	-	3,058,151
Cash and cash equivalents - restricted	3,387,017	133,918	3,520,935
Receivables:			
Accounts	240,281	-	240,281
Accrued interest	6,058	-	6,058
Due from other funds	8,431	27,818	36,249
Due from other governments	3,277	-	3,277
Capital assets, net of accumulated depreciation	2,774,451	-	2,774,451
Assets in excess of OPEB liability	1,235	-	1,235
Total assets	9,478,901	161,736	9,640,637
Liabilities			
Accounts payable	178,656	2,423	181,079
Salaries and benefits payable	10,838	-	10,838
Due to other funds	28,912	-	28,912
Due to other governments	42,177	-	42,177
Long-term liabilities:			
Portion due or payable within one year:			
Capital lease purchase agreement	75,770	-	75,770
Compensated absences	30,372	-	30,372
Portion due or payable after one year:			
Capital lease purchase agreement	627,271	-	627,271
Estimated liability for landfill closure and postclosure care	2,855,583	-	2,855,583
Total liabilities	3,849,579	2,423	3,852,002
Net Position			
Net investment in capital assets	2,071,410	-	2,071,410
Restricted for:			
Ground water tax purposes	-	159,313	159,313
Landfill closure and postclosure care	537,492	-	537,492
Unrestricted	3,020,420	-	3,020,420
Total net position	\$ 5,629,322	159,313	5,788,635

See notes to financial statements.

Boone County

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

Year ended June 30, 2014

	Enterprise		Total
	Landfill Operations	Nonmajor	
		Ground Water Tax	
Operating revenues:			
Charges for service	\$ 2,565,983	74,167	2,640,150
Per capita fees	175,860	-	175,860
Solid waste fees	179,500	-	179,500
Miscellaneous	10,826	12,769	23,595
Total operating revenues	2,932,169	86,936	3,019,105
Operating expenses:			
Salaries and wages	421,220	-	421,220
Payroll tax	68,074	-	68,074
Fringe benefits	85,088	-	85,088
Fuel	221,764	-	221,764
Travel	3,425	-	3,425
Utilities	14,965	-	14,965
Insurance	21,342	-	21,342
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	217,339	-	217,339
Education and training	34,648	-	34,648
Engineering	60,499	-	60,499
Maintenance and repair Operations	183,082	-	183,082
Depreciation	80,090	-	80,090
Depreciation	324,415	-	324,415
Dues and membership	4,132	-	4,132
Accounting	25,696	-	25,696
Recycling center operations	265,685	64,185	329,870
Gravel	46,827	-	46,827
Leachate hauling and treatment	33,203	-	33,203
Keep Boone County Beautiful	8,625	-	8,625
Adjustment to estimated liability for landfill closure and postclosure care	108,439	-	108,439
Total operating expenses	2,228,558	64,185	2,292,743
Operating income	703,611	22,751	726,362
Non-operating revenues (expenses):			
Grants	15,697	-	15,697
Interest expense	(27,900)	-	(27,900)
Interest income	32,223	-	32,223
Total non-operating revenues (expenses)	20,020	-	20,020
Change in net position	723,631	22,751	746,382
Net position beginning of year	4,905,691	136,562	5,042,253
Net position end of year	\$ 5,629,322	159,313	5,788,635

See notes to financial statements.

Boone County
Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2014

	Enterprise		Total
	Nonmajor		
	Landfill Operations	Ground Water Tax	
Cash flows from operating activities:			
Cash received from gate fees	\$ 2,705,334	-	2,705,334
Cash received from per capita fee assessments	175,860	-	175,860
Cash received from other operating receipts	10,826	92,829	103,655
Cash paid to suppliers for goods and services	(1,127,415)	(62,987)	(1,190,402)
Cash paid to employees for services	(561,114)	-	(561,114)
Net cash provided by operating activities	<u>1,203,491</u>	<u>29,842</u>	<u>1,233,333</u>
Cash flows from noncapital financing activities:			
Grant	12,420	-	12,420
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(98,308)	-	(98,308)
Repayment of capital lease purchase agreement principal	(75,770)	-	(75,770)
Repayment of SWAP loan principal	(1,707)	-	(1,707)
Interest paid	(27,900)	-	(27,900)
Net cash used by capital and related financing activities	<u>(203,685)</u>	<u>-</u>	<u>(203,685)</u>
Cash flows from investing activities:			
Interest received on investments	31,869	-	31,869
Net increase in cash and cash equivalents	1,044,095	29,842	1,073,937
Cash and cash equivalents beginning of year	5,401,073	104,076	5,505,149
Cash and cash equivalents end of year	<u>\$ 6,445,168</u>	<u>133,918</u>	<u>6,579,086</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 703,611	22,751	726,362
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	324,415	-	324,415
Closure and postclosure care	108,439	-	108,439
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(40,149)	12,769	(27,380)
Increase in due from other funds	(3,623)	(6,876)	(10,499)
Increase in accounts payable	99,001	1,198	100,199
Increase in salaries payable	2,783	-	2,783
Decrease in due to other funds	(616)	-	(616)
Increase in due to other governments	10,754	-	10,754
Decrease in net OPEB liability	(3,162)	-	(3,162)
Increase in compensated absences	2,038	-	2,038
Total adjustments	<u>499,880</u>	<u>7,091</u>	<u>506,971</u>
Net cash provided by operating activities	<u>\$ 1,203,491</u>	<u>29,842</u>	<u>1,233,333</u>

See notes to financial statements.

Boone County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,012,410
Other County officials	49,607
Receivables:	
Property tax:	
Delinquent	141,424
Succeeding year	29,668,000
Accounts	29,350
Special assessments	232,774
Due from other governments	141,104
Total assets	<u>32,274,669</u>

Liabilities

Accounts payable	30,415
Salaries and benefits payable	22,642
Due to other governments	31,593,095
Trusts payable	542,746
Compensated absences	85,771
Total liabilities	<u>32,274,669</u>

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

Boone County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

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

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Boone 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 Boone County Auditor's Office.

The Boone County Conservation Foundation is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, part of the County. It is reported as a Special Revenue Fund. The Foundation is incorporated under Chapter 504A of the Code of Iowa to receive donations for

the benefit of the Boone County Conservation Board. These donations are to be used for development and enhancement of environmental education and conservation projects which are not included in the County's budget.

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

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, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues 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 road construction and maintenance.

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

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

Additionally, the County reports the following funds:

Proprietary Fund - The Enterprise, Landfill Operations Fund is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The fund is also used to accumulate resources to fund the closure and postclosure care costs of the Landfill.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds are charges to customers for sanitary landfill services. Operating expenses for Enterprise Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions 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, 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 the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year.

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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 represent 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, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year of which it is levied.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2014, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$178,313 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Rural Services	\$ 164
	Secondary Roads	68
	Enterprise:	
	Landfill Operations	169
		<u>401</u>
Special Revenue:		
Secondary Roads	General	5,679
	Special Revenue:	
	Rural Services	2,358
	Enterprise:	
	Landfill Operations	925
		<u>8,962</u>
Special Revenue:		
County Recorders		
Records Management	General	164
Enterprise:		
Landfill Operations	General	8,431
Ground Water Tax	Enterprise:	
	Landfill Operations	27,818
Total		<u>\$ 45,776</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 205,913
	Special Revenue: Rural Services	<u>2,013,957</u>
		<u>2,219,870</u>
Debt Service	Special Revenue: County TIF Project	<u>159,900</u>
Total		<u>\$ 2,379,770</u>

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

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance			Balance
	Beginning			End
	of Year	Increases	Decreases	of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,827,285	133,942	-	1,961,227
Construction in progress	3,178,926	3,195,248	(4,911,859)	1,462,315
Total capital assets not being depreciated	5,006,211	3,329,190	(4,911,859)	3,423,542
Capital assets being depreciated:				
Buildings	6,086,954	101,540	-	6,188,494
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	9,749,413	1,082,869	(590,134)	10,242,148
Infrastructure, other	6,062,513	3,378,152	-	9,440,665
Infrastructure, road network	44,835,261	1,533,707	-	46,368,968
Total capital assets being depreciated	66,985,855	6,096,268	(590,134)	72,491,989
Less accumulated depreciation for:				
Buildings	1,924,902	148,936	-	2,073,838
Improvements other than buildings	68,167	6,292	-	74,459
Equipment and vehicles	8,787,333	632,820	(580,255)	8,839,898
Infrastructure, other	909,377	415,731	-	1,325,108
Infrastructure, road network	18,728,556	1,148,602	-	19,877,158
Total accumulated depreciation	30,418,335	2,352,381	(580,255)	32,190,461
Total capital assets being depreciated, net	36,567,520	3,743,887	(9,879)	40,301,528
Governmental activities capital assets, net	\$ 41,573,731	7,073,077	(4,921,738)	43,725,070
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 488,499	59,000	-	547,499
Construction in progress	22,793	10,885	-	33,678
Total capital assets not being depreciated	511,292	69,885	-	581,177
Capital assets being depreciated:				
Buildings	443,091	-	-	443,091
Equipment and vehicles	4,226,741	7,494	(5,600)	4,228,635
Infrastructure	1,573,884	20,929	-	1,594,813
Total capital assets being depreciated	6,243,716	28,423	(5,600)	6,266,539
Less accumulated depreciation for:				
Buildings	172,752	11,077	-	183,829
Equipment and vehicles	2,852,413	236,191	(5,600)	3,083,004
Infrastructure	729,285	77,147	-	806,432
Total accumulated depreciation	3,754,450	324,415	(5,600)	4,073,265
Total capital assets being depreciated, net	2,489,266	(295,992)	-	2,193,274
Business type activities capital assets, net	\$ 3,000,558	(226,107)	-	2,774,451

During the year ended June 30, 2012, the County acquired a shredder and excavator for the Landfill under a capital lease purchase agreement. The cost of the equipment was \$863,698 and the accumulated depreciation at June 30, 2014 was \$259,019.

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 91,694
County environment and education	466,554
Roads and transportation	1,631,887
Governmental services to residents	1,481
Administration	160,765
Total depreciation expense - governmental activities	<u>\$ 2,352,381</u>
Business type activities:	
Landfill operations	<u>\$ 324,415</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 11,737
Special Revenue:		
Mental Health	Services	3,355
Rural Services	Services	50
Secondary Roads	Services	114
Reserve Deputy	Services	150
Attorney Drug Prosecution	Services	1,025
Total for governmental funds		<u>\$ 16,431</u>
Agency:		
County Offices	Collections	\$ 1,774
Agricultural Extension Education		200,834
County Assessor		846,209
Schools		18,409,048
Community Colleges		778,621
Corporations		7,958,161
Townships		398,855
Auto License and Use Tax		694,824
Special Assessments		232,774
County Hospital		1,695,361
E911		369,628
All other		7,006
Total for agency funds		<u>\$ 31,593,095</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Governmental Activities				
	General Obligation Capital Loan Notes	Urban Renewal General Obligation Capital Loan Notes	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 2,835,694	2,451,588	399,552	12,234	5,699,068
Increases	44,339	752	300,348	7,550	352,989
Decreases	440,000	90,000	267,132	25,913	823,045
Balance end of year	<u>\$ 2,440,033</u>	<u>2,362,340</u>	<u>432,768</u>	<u>(6,129)</u>	<u>5,229,012</u>
Due within one year	<u>\$ 450,000</u>	<u>95,000</u>	<u>432,768</u>	<u>-</u>	<u>977,768</u>

	Business Type Activities						Total
	Landfill						
	SWAP Loan	Capital Lease Purchase Agreement	Compen- sated Absences	Closure and Postclosure Care	Net OPEB Liability		
Balance beginning of year	\$ 1,707	778,811	28,334	2,747,144	1,927	3,557,923	
Increases		-	28,541	108,439	2,060	139,040	
Decreases	1,707	75,770	26,503	-	5,222	109,202	
Balance end of year	\$ -	703,041	30,372	2,855,583	(1,235)	3,587,761	
Due within one year	\$ -	75,770	30,372	-	-	106,142	

General Obligation Capital Loan Notes

A summary of the County's June 30, 2014 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2010			Series 2009A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	2.10%	\$ 400,000	32,205	4.50%	\$ 50,000	75,925
2016	2.40	400,000	23,805	4.75	55,000	73,675
2017	2.70	415,000	14,205	5.00	60,000	71,063
2018	3.00	100,000	3,000	5.25	65,000	68,062
2019		-	-	5.50	65,000	64,650
2020-2024		-	-	5.60-6.00	415,000	261,700
2025-2029		-	-	6.10-6.50	585,000	117,350
Total		\$ 1,315,000 *	73,215		\$ 1,295,000	732,425

Year Ending June 30,	Total		
	Principal	Interest	Total
2015	\$ 450,000	108,130	558,130
2016	455,000	97,480	552,480
2017	475,000	85,267	560,267
2018	165,000	71,063	236,063
2019	65,000	64,650	129,650
2020-2024	415,000	261,700	676,700
2025-2029	585,000	117,350	702,350
Total	\$ 2,610,000	805,640	3,415,640

* The Series 2010 Note had unamortized discount totaling \$169,967 at June 30, 2014.

During the year ended June 30, 2014, the County retired \$440,000 of general obligation capital loan notes.

Urban Renewal General Obligation Capital Loan Notes

On September 7, 2011, the County issued \$2,465,000 of urban renewal general obligation capital loan notes, Series 2011 dated September 1, 2011 for the purpose of retiring the outstanding balance of \$1,046,891 of the general obligation capital loan anticipation project notes, Series 2009B dated April 1, 2009 and to guarantee the principal and interest payments of a Central Iowa Expo loan with Vision Bank (formerly Community Bank of Boone) through June 2014. As of June 30, 2014, the County has remitted \$2,292,846 to Vision Bank on behalf of Central Iowa Expo, Inc. The County does not anticipate Central Iowa Expo will be able to repay the loan and, therefore, a loan receivable has not been established. The notes bear interest at rates ranging from 1.25% to 4.80% per annum with final maturity on May 1, 2031.

A summary of the County's June 30, urban renewal general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2011			
	Interest Rates	Principal	Interest	Total
2015	1.25%	\$ 95,000	87,372	182,372
2016	1.50	100,000	86,185	186,185
2017	1.80	100,000	84,685	184,685
2018	2.20	110,000	82,885	192,885
2019	2.60	110,000	80,465	190,465
2020-2024	3.00-4.00	640,000	347,950	987,950
2025-2029	4.15-4.60	820,000	208,130	1,028,130
2030-2031	4.70-4.80	400,000	28,845	428,845
Total		\$ 2,375,000 *	1,006,517	3,381,517

*The Series 2011 notes had unamortized discount totaling \$12,660 at June 30, 2014.

Solid Waste Alternative Program (SWAP) Loans

In December 2008, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of expanding the County's recycling program. The agreement, as amended, awarded a total of \$47,309 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$27,309. The term of the zero interest loan is 48 months and requires quarterly payments of \$1,707, which began October 15, 2009. At June 30, 2014, there were no unmet conditions to be achieved for loan forgiveness. During the year ended June 30, 2014, the County paid the remaining balance of \$1,707.

Capital Lease Purchase Agreement

In March 2012, the County entered into a capital lease purchase agreement for a shredder and excavator for the Landfill. The agreement is for a period of ten years at an interest rate of 3.75% per annum. For the current year, principal and interest paid and total customer net receipts (operating income adding back depreciation) were \$103,671 and \$1,028,026, respectively.

The following is a schedule of future minimum lease payments and the present value of net minimum lease payments for the agreement:

Year Ending June 30,	Total
2015	\$ 103,671
2016	103,671
2017	103,671
2018	103,671
2019	103,671
2020-2022	293,735
Total minimum lease payments	812,090
Less amount representing interest	(109,049)
Present value of net minimum lease payments	\$ 703,041

The resolution providing for the issuance of the capital lease purchase agreement includes the following provisions:

- (a) The lease will only be paid from the revenues related to the operation of the landfill.
- (b) Sufficient monthly transfers shall be made to a sinking account for the purpose of making the lease payments.
- (c) Landfill user rates shall be established at a level which produces and maintains net revenues at a level not less than 125% of the average annual lease payments falling due in the same year.

(8) Contingent Liability

On August 8, 2012, the County entered into a loan agreement to borrow up to \$632,663 from SunTrust Equipment Finance and Leasing Corporation for the purchase of Motorola 911 Critical Communication System. The loan agreement is to be repaid in 5 annual installments of \$133,813, including interest at 2.362% per annum, beginning December 1, 2012. During the year ended June 30, 2014, the E911 Service Board paid principal of \$121,882 and interest of \$11,931 on the loan, for a total of \$133,813.

The County is contingently liable on the \$383,194 loan agreement at June 30, 2014. Since the interest and lease principal is currently paid from E911 Service Board revenues, this liability has not been recorded in the Statement of Net Position. However, since the County has signed the loan agreement, if the revenues of the E911 Service Board are not adequate, a tax may be levied on all taxable property in the County to repay the loan.

The assets and liabilities of the E911 Service Board Fund, an Agency Fund, are reported on the modified accrual basis. Accordingly, the assets purchased and the lease payable by the E911 Service Board have not been reported in the Agency, E911 Service Board Fund.

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$585,616, \$563,952 and \$523,958, respectively, equal to the required contributions for each year.

(10) 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 128 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 9,910
Interest on net OPEB obligation	600
Adjustment to annual required contributions	(900)
Annual OPEB cost	<u>9,610</u>
Contribution made	(31,135)
Decrease in net OPEB obligation	<u>(21,525)</u>
Net OPEB obligation beginning of year	<u>14,161</u>
Net OPEB obligation end of year	<u>\$ (7,364)</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$31,135 to the medical plan. Plan members eligible for benefits contributed \$62,272 or 67% 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
2012	\$ 9,638	21.8%	\$ 24,137
2013	9,510	204.9	14,161
2014	9,610	324.0	(7,364)

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2014, the actuarial accrued liability was \$75,555, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$75,555. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,576,000 and the ratio of UAAL to covered payroll was 1.1%. As of June 30, 2014, 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, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return rate based on the County's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$583 per month for retirees less than age 65 and \$1,308 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9, \$565 per month for retirees less than age 65 and \$1,266 per month for family plans of retirees less than age 65 under ISAC plan 10 and \$556 per month for retirees less than age 65 and \$1,246 per month for family plans of retirees less than age 65 under ISAC plan 13. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Operating Lease Agreement

The County renewed a lease for space for the Boone County Recycling Center during the year ended June 30, 2014.

The following is a schedule of future minimum rental payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2014:

Year Ending June 30,	Amount
2015	\$ 48,000
2016	48,000
2017	48,000
2018	36,000
Total	<u>\$ 180,000</u>

Rental expense for the year ended June 30, 2014 for this operating lease totaled \$48,000

(12) 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 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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, premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2014 were \$133,865.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, 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 \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(13) Loans to County Community Service Case Management Fund

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 with another \$15,000 in October 2006 for necessary cash flow. The County is establishing formal repayment schedules for the loans. At June 30, 2014, neither loan had been repaid.

(14) Closure and Postclosure Care

To comply with federal and state regulations, the Boone County Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Landfill have been estimated at \$1,695,300 for closure and \$1,596,000 for postclosure care, for a total of \$3,291,300 as of June 30, 2014 for the original and expansion areas combined. The portion of the liability that has been recognized is \$2,855,583. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 3 years for the expansion area and the capacity used at June 30, 2014 is 81%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2014, assets of \$3,393,075 are restricted for these purposes, of which \$1,757,619 is for closure and \$1,629,398 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded for the expansion area, the County is required to demonstrate financial assurance for the unfunded costs. The County had adopted the dedicated fund mechanism.

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

(15) Solid Waste Tonnage Fees Retained

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2014, net position of \$159,313 has been retained by the County and is restricted for the required purposes.

(16) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

Required Supplementary Information

Boone County

Boone 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, 2014

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,826,439	-	8,826,439
Penalty and interest on property tax	79,683	-	79,683
Intergovernmental	6,693,305	-	6,693,305
Licenses and permits	23,460	-	23,460
Charges for service	998,857	-	998,857
Use of money and property	114,487	-	114,487
Miscellaneous	748,820	150,627	598,193
Total receipts	<u>17,485,051</u>	<u>150,627</u>	<u>17,334,424</u>
Disbursements:			
Public safety and legal services	3,317,174	-	3,317,174
Physical health and social services	646,572	-	646,572
Mental health	1,778,573	-	1,778,573
County environment and education	1,504,654	65,693	1,438,961
Roads and transportation	5,508,311	-	5,508,311
Governmental services to residents	530,964	-	530,964
Administration	1,758,354	-	1,758,354
Debt service	736,588	-	736,588
Capital projects	3,352,519	-	3,352,519
Total disbursements	<u>19,133,709</u>	<u>65,693</u>	<u>19,068,016</u>
Excess (deficiency) of receipts over (under) disbursements	(1,648,658)	84,934	(1,733,592)
Other financing sources, net	<u>14,872</u>	-	<u>14,872</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,633,786)	84,934	(1,718,720)
Balance beginning of year	<u>6,493,965</u>	<u>126,212</u>	<u>6,367,753</u>
Balance end of year	<u>\$ 4,860,179</u>	<u>211,146</u>	<u>4,649,033</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
8,849,540	8,849,540	(23,101)
80,500	80,500	(817)
5,833,796	7,156,657	(463,352)
15,600	15,600	7,860
1,000,883	1,000,883	(2,026)
144,000	144,000	(29,513)
828,620	915,620	(317,427)
16,752,939	18,162,800	(828,376)
3,519,446	3,556,616	239,442
791,584	791,584	145,012
1,294,000	2,330,740	552,167
1,735,332	1,745,332	306,371
5,844,900	5,844,900	336,589
647,996	647,996	117,032
1,900,212	1,900,212	141,858
736,588	736,588	-
2,268,829	3,763,200	410,681
18,738,887	21,317,168	2,249,152
(1,985,948)	(3,154,368)	1,420,776
12,000	12,000	2,872
(1,973,948)	(3,142,368)	1,423,648
4,136,984	6,237,215	130,538
2,163,036	3,094,847	1,554,186

Boone County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 17,485,051	(1,294,232)	16,190,819
Expenditures	19,133,709	(2,087,251)	17,046,458
Net	(1,648,658)	793,019	(855,639)
Other financing sources, net	14,872	(3,176)	11,696
Beginning fund balances	6,493,965	552,617	7,046,582
Ending fund balances	\$ 4,860,179	1,342,460	6,202,639

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendment increased budgeted disbursements by \$2,578,281. The budget amendments are reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted by function.

Boone 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	-	\$ 74	74	0.00%	\$ 5,226	1.40%
2010	Jul 1, 2008	-	74	74	0.00	6,273	1.20
2011	Jul 1, 2008	-	74	74	0.00	6,595	1.10
2012	Jul 1, 2011	-	76	76	0.00	6,405	1.20
2013	Jul 1, 2011	-	76	76	0.00	6,505	1.20
2014	Jul 1, 2011	-	76	76	0.00	6,576	1.10

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Boone County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	Special			
	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Task Force
Assets				
Cash, cash equivalents and pooled investments	\$ 53,453	150,553	145,296	20,999
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	2,471
Accrued interest	-	-	89	-
Drainage assessments	-	31,819	-	-
Due from other funds	164	-	-	-
Due from other governments	-	-	6,085	-
Total assets	\$ 53,617	182,372	151,470	23,470
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,464	-	-	-
Due to other governments	-	-	-	-
Total liabilities	2,464	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	31,819	-	-
Total deferred inflows of resources	-	31,819	-	-
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Resource enhancement and protection	-	-	151,470	-
Other purposes	51,153	150,553	-	23,470
Total fund balances	51,153	150,553	151,470	23,470
Total liabilities, deferred inflows of resources and fund balances	\$ 53,617	182,372	151,470	23,470

See accompanying independent auditor's report.

Revenue							
Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation		Total
30,713	2,763	31,655	888	1,421	60,593		498,334
-	-	-	-	1,860	-		1,860
-	-	-	-	182,000	-		182,000
-	-	4,402	-	-	-		6,873
-	-	-	-	-	-		89
-	-	-	-	-	-		31,819
-	-	-	-	-	-		164
1,133	-	-	-	-	-		7,218
31,846	2,763	36,057	888	185,281	60,593		728,357
-	-	3,551	60	-	-		6,075
1,025	-	-	150	-	-		1,175
1,025	-	3,551	210	-	-		7,250
-	-	-	-	182,000	-		182,000
-	-	-	-	895	-		32,714
-	-	-	-	182,895	-		214,714
-	-	-	-	2,386	-		2,386
-	-	-	-	-	-		151,470
30,821	2,763	32,506	678	-	60,593		352,537
30,821	2,763	32,506	678	2,386	60,593		506,393
31,846	2,763	36,057	888	185,281	60,593		728,357

Boone County

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

Year ended June 30, 2014

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Task Force	Attorney Drug Prosecution
Revenues:					
Tax increment financing	\$ -	-	-	-	-
Intergovernmental	-	-	15,933	-	-
Charges for service	4,870	-	-	-	-
Use of money and property	164	-	414	-	-
Miscellaneous	-	64,569	-	9,786	8,859
Total revenues	5,034	64,569	16,347	9,786	8,859
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	35,402	12,592
County environment and education	-	40,228	-	-	-
Governmental services to residents	2,464	-	-	-	-
Total expenditures	2,464	40,228	-	35,402	12,592
Excess (deficiency) of revenues over (under) expenditures	2,570	24,341	16,347	(25,616)	(3,733)
Other financing uses:					
Transfers out	-	-	-	-	-
Changes in fund balance	2,570	24,341	16,347	(25,616)	(3,733)
Fund balances beginning of year	48,583	126,212	135,123	49,086	34,554
Fund balances end of year	\$ 51,153	150,553	151,470	23,470	30,821

See accompanying independent auditor's report.

Special Revenue						
Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation	Total	
-	-	-	160,994	-	160,994	
450	-	-	-	-	16,383	
-	-	-	-	-	4,870	
-	17,637	-	-	-	18,215	
-	-	680	-	86,058	169,952	
450	17,637	680	160,994	86,058	370,414	
100	37,834	4,911	-	-	90,839	
-	-	-	-	25,465	65,693	
-	-	-	-	-	2,464	
100	37,834	4,911	-	25,465	158,996	
350	(20,197)	(4,231)	160,994	60,593	211,418	
-	-	-	(159,900)	-	(159,900)	
350	(20,197)	(4,231)	1,094	60,593	51,518	
2,413	52,703	4,909	1,292	-	454,875	
2,763	32,506	678	2,386	60,593	506,393	

Boone County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

		Agricultural			
	County	Extension	County		Community
	Offices	Education	Assessor	Schools	Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,969	218,775	191,694	8,301
Other County officials	49,607	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	865	2,903	73,354	3,320
Succeeding year	-	198,000	666,000	18,144,000	767,000
Accounts	575	-	4	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 50,182	200,834	887,682	18,409,048	778,621
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	815	-	-
Salaries and benefits payable	-	-	8,933	-	-
Due to other governments	1,774	200,834	846,209	18,409,048	778,621
Trusts payable	48,408	-	-	-	-
Compensated absences	-	-	31,725	-	-
Total liabilities	\$ 50,182	200,834	887,682	18,409,048	778,621

See accompanying independent auditor's report.

Corpor- ations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
86,642	3,715	685,484	22,463	11,055	326,970	455,342	2,012,410
-	-	-	-	-	-	-	49,607
52,519	1,140	-	-	7,306	-	17	141,424
7,819,000	394,000	-	-	1,677,000	-	3,000	29,668,000
-	-	9,340	-	-	18,906	525	29,350
-	-	-	232,774	-	-	-	232,774
-	-	-	-	-	26,226	114,878	141,104
<u>7,958,161</u>	<u>398,855</u>	<u>694,824</u>	<u>255,237</u>	<u>1,695,361</u>	<u>372,102</u>	<u>573,762</u>	<u>32,274,669</u>
-	-	-	22,463	-	2,474	4,663	30,415
-	-	-	-	-	-	13,709	22,642
7,958,161	398,855	694,824	232,774	1,695,361	369,628	7,006	31,593,095
-	-	-	-	-	-	494,338	542,746
-	-	-	-	-	-	54,046	85,771
<u>7,958,161</u>	<u>398,855</u>	<u>694,824</u>	<u>255,237</u>	<u>1,695,361</u>	<u>372,102</u>	<u>573,762</u>	<u>32,274,669</u>

Boone County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 41,136	193,703	845,492	18,677,085	818,013
Additions:					
Property and other county tax	-	199,086	667,035	18,144,170	768,645
E911 surcharge	-	-	-	-	-
State tax credits	-	9,215	29,113	889,488	38,831
Office fees and collections	762,996	-	298	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	762,996	208,301	696,446	19,033,658	807,476
Deductions:					
Agency remittances:					
To other funds	319,432	-	-	-	-
To other governments	247,104	201,170	654,256	19,301,695	846,868
Trusts paid out	187,414	-	-	-	-
Total deductions	753,950	201,170	654,256	19,301,695	846,868
Balances end of year	\$ 50,182	200,834	887,682	18,409,048	778,621

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
7,970,188	401,402	590,972	315,619	1,090,882	497,395	604,321	32,046,208
7,770,663	398,735	-	-	1,681,566	-	3,247	29,633,147
-	-	-	-	-	196,354	-	196,354
384,317	17,557	-	-	51,719	-	196	1,420,436
-	-	-	-	-	-	5,049	768,343
-	-	7,766,220	-	-	-	-	7,766,220
-	-	-	26,823	-	-	-	26,823
-	-	-	-	-	-	746,660	746,660
-	-	-	-	-	22,879	2,307,095	2,329,974
8,154,980	416,292	7,766,220	26,823	1,733,285	219,233	3,062,247	42,887,957
-	-	293,844	-	-	-	-	613,276
8,167,007	418,839	7,368,524	-	-	-	195,600	37,401,063
-	-	-	87,205	1,128,806	344,526	2,897,206	4,645,157
8,167,007	418,839	7,662,368	87,205	1,128,806	344,526	3,092,806	42,659,496
7,958,161	398,855	694,824	255,237	1,695,361	372,102	573,762	32,274,669

Boone County

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

For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and other county tax	\$ 7,915,039	7,822,090	7,624,140	7,362,020
Local option sales tax	970,619	834,332	870,967	813,991
Interest and penalty on property tax	77,429	68,784	68,321	78,801
Intergovernmental	5,393,112	6,742,555	7,383,576	6,752,826
Licenses and permits	23,380	18,990	19,645	17,730
Charges for service	938,516	1,044,869	914,070	947,402
Use of money and property	129,063	140,691	208,399	148,592
Miscellaneous	743,661	334,528	400,336	387,811
Total	\$ 16,190,819	17,006,839	17,489,454	16,509,173
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,375,919	3,133,722	2,991,532	3,050,832
Physical health and social services	640,190	617,137	630,996	740,042
Mental health	1,051,851	1,299,546	3,238,850	2,455,192
County environment and education	1,574,160	1,509,043	2,068,863	2,278,691
Roads and transportation	5,728,977	4,997,451	5,298,333	5,254,482
Governmental services to residents	534,462	561,908	541,174	554,193
Administration	1,779,060	1,582,486	1,560,273	1,663,071
Debt service	736,588	697,402	1,716,334	642,994
Capital projects	1,625,251	2,468,315	700,074	311,292
Total	\$ 17,046,458	16,867,010	18,746,429	16,950,789

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
6,833,940	6,482,896	6,145,257	5,678,758	5,391,529	5,355,382
770,944	824,876	828,151	790,831	726,317	732,977
97,131	85,812	93,048	76,918	71,901	62,876
6,721,779	6,350,624	6,196,573	6,177,965	5,518,447	5,758,477
15,170	17,324	18,631	25,821	20,933	15,067
946,631	951,013	932,813	916,158	926,680	942,470
180,428	237,426	276,241	343,410	242,346	158,099
348,081	302,259	231,978	257,996	198,900	540,830
15,914,104	15,252,230	14,722,692	14,267,857	13,097,053	13,566,178
2,818,638	2,753,574	2,685,812	2,507,524	2,393,530	2,117,985
790,647	708,696	639,097	660,704	610,980	583,588
2,200,563	2,510,866	2,986,700	2,671,208	2,479,313	2,341,752
1,551,519	945,822	926,932	933,921	857,742	787,105
5,514,468	4,767,579	4,831,699	4,322,499	3,881,757	3,990,145
549,998	594,094	497,320	495,947	666,018	510,074
1,713,577	1,797,854	1,591,002	1,338,419	1,217,653	1,202,257
3,816,125	2,101,810	610,659	417,958	416,895	433,595
1,294,297	234,620	653,859	3,113,667	474,175	1,905,106
20,249,832	16,414,915	15,423,080	16,461,847	12,998,063	13,871,607

Boone County



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

To the Officials of Boone 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 Boone County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 4, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boone 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, 2014 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.

Boone County's Responses to the Findings

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



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 4, 2015

Boone County

Schedule of Findings

Year ended June 30, 2014

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

	Applicable Offices
(1) Receipts – collecting, depositing, posting and daily reconciling.	County Recorder
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Treasurer

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

Responses –

County Recorder – Everyone in the office takes in real estate documents over the counter and waits on customers wanting Vital records and DNR registrations. These payments are entered into a payment system on our Recorder’s System. At the end of the day we balance with these reports. It is not always the same person who balances each day. Two of us in the office can do deposits. One of us prepares the deposit for the bank and another enters the information on to an excel spreadsheet. We will work toward segregation of duties to the extent possible with the limited number of staff members in the office.

County Treasurer – It is necessary for everyone in the office to assist customers and collect money at the counter, including the Treasurer. There are a limited number of employees in the office during lunch hours, especially when we have employees gone for vacation time or sick time. Everyone balances their cash drawer separately and then the total day’s business is balanced all together either by the Treasurer or the First Deputy. The Treasurer does the month-end process and apportionment business. I will prepare a listing of a sampling of mail receipts periodically and track it through processing and deposit and reconciliation.

Conclusions – Responses accepted.

Boone County

Schedule of Findings

Year ended June 30, 2014

- (B) County Treasurer – Although monthly bank reconciliations were performed for each bank account, a monthly reconciliation of all bank account balances, including any investments, to the Treasurer’s book balance is not performed.

Recommendation – A monthly bank reconciliation, including all bank account balances and investments, should be performed and reconciled to the Treasurer’s book balance.

Response – We reconcile the bank statement to our book records daily. Our reconciliation has been to balance out bank account records to the records that the bank has. We use the bank reconciliation program available through Solutions software. We compare the Treasurer’s bank register as checks clear and deposit totals are compared to see that they correspond with the bank statement totals. We balance and our totals match exactly every month with all bank accounts when comparing our bank totals to theirs allowing for outstanding checks, deposits in transit, and interest earned on that account. I will review and consider implementing a monthly bank reconciliation that includes all bank accounts and shows balancing to the Treasurer’s book balance.

Conclusion – Response accepted.

- (C) County Recorder – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2014 was not investigated and resolved.

Recommendation – Variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control. Also, all reconciling items between the book and bank balances should be documented each month, including an accounts receivable listing at the end of each month. In addition, the book balance should be reconciled to a listing of month end liabilities.

Response – We use several different reports to see that our bank balance reflects the deposits and the month end liabilities. We also run a monthly list of accounts receivable report that shows billing dates and paid dates. We will work to investigate and resolve in a timely manner any variances between book and bank balances noting reconciling items.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Boone County

Schedule of Findings

Year ended June 30, 2014

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Steve Duffy, Supervisor, Owner of Duffy's Inc.	Office and radio equipment	\$ 640

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Duffy's, Inc. do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) Solid Waste Fees Retainage – During the year ended June 30, 2014, the County used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.
- (10) 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, 2014 for the County Extension Office did not exceed the amount budgeted.

Boone County

Schedule of Findings

Year ended June 30, 2014

- (11) Financial Assurance – The Boone County Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area		Total
	Closure	Postclosure	Closure	Postclosure	
Total estimated costs for closure and postclosure care	\$ 214,700	802,500	1,480,600	793,500	3,291,300
Amounts held in the local dedicated fund at June 30, 2013	\$ 214,700	792,000	1,431,500	759,000	3,197,200
Reallocation of amounts held based on current estimated costs	-	10,500	-	(10,500)	-
Amounts held in the local dedicated fund at June 30, 2013, as reallocated	214,700	802,500	1,431,500	748,500	3,197,200
Current year allocations	-	-	49,100	45,000	94,100
Amounts required to be held in the local dedicated fund at June 30, 2014	\$ 214,700	802,500	1,480,600	793,500	3,291,300
Amounts restricted for closure and postclosure care at June 30, 2014	\$ 214,700	802,500	1,546,863	829,012	3,393,075

- (12) 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.

Boone County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Janet K. Mortvedt, CPA, Senior Auditor II
Leanna J. Showman, Senior Auditor
Miranda A. Shipman, Staff Auditor
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Jessica L. Roeding, Assistant Auditor
Taylor I. Cook, Auditor Intern
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