OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Des Moines, Iowa 50319-0006

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE March 10, 2016

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

The County had local tax revenue of $9,342,040 for the year ended June 30, 2015, which included $609,125 in tax credits from the state. The County forwarded $5,890,896 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $3,451,144 of the local tax revenue to finance County operations, a less than 1% decrease from the prior year. Other revenues included charges for service of $1,260,321, operating grants, contributions and restricted interest of $2,880,783, capital grants, contributions and restricted interest of $1,096,009, local option sales tax of $366,504, unrestricted investment earnings of $14,285 and other general revenues of $370,263.

Expenses for County operations for the year ended June 30, 2015 totaled $7,855,315, a less than 1% decrease from the prior year. Expenses included $3,376,489 for roads and transportation, $1,427,405 for public safety and legal services and $986,781 for physical health and social services.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at http://auditor.iowa.gov/reports/1510-0093-B00F.pdf.

# # #

WAYNE COUNTY

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

JUNE 30, 2015

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Wayne County

Officials

(Before January 2015)

Name	Title	Term Expires
John Sellers	Board of Supervisors	Nov 2014
Billy Joe Alley	Board of Supervisors	Jan 2015
Duffy Kester	Board of Supervisors	Jan 2017
Sue Ruble	County Auditor	Jan 2017
Kim Swearingin	County Treasurer	Jan 2015
Angie Horton	County Recorder	Jan 2015
Keith Davis	County Sheriff	Jan 2017
Alan Wilson	County Attorney	Jan 2015
Kay Middlebrook	County Assessor	Jan 2016

(After January 2015)

Name	Title	Term Expires
Duffy Kester	Board of Supervisors	Jan 2017
David Dotts	Board of Supervisors	Jan 2019
John Sellers	Board of Supervisors	Jan 2019
Sue Ruble	County Auditor	Jan 2017
Kim Swearingin	County Treasurer	Jan 2019
Angie Horton	County Recorder	Jan 2019
Keith Davis	County Sheriff	Jan 2017
Alan Wilson	County Attorney	Jan 2019
Kay Middlebrook	County Assessor	Jan 2016

Wayne County

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Independent Auditor's Report

To the Officials of Wayne County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

As discussed in Note 12, Wayne County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 48 through 58 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 Wayne County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 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 February 26, 2016 on our consideration of Wayne 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 Wayne County's internal control over financial reporting and compliance.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

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

February 26, 2016

Wayne County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wayne County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated $1,675,002 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 pension expense and the net pension liability, deferred outflows of resources and deferred inflows of resources as of June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased 16.2%, or approximately $1,314,000, from fiscal year 2014 to fiscal year 2015. The increase was primarily due to the increase in capital grants, contributions and restricted interest of approximately $1,096,000. The gain on disposition of capital assets increased approximately $173,000.
- Program expenses for fiscal year 2015 of the County's governmental activities were relatively consistent with fiscal year 2014. Public safety and legal services expenses increased approximately $80,000, mental health expenses increased approximately $49,000 and administration expenses increased approximately $35,000. Physical health and social services expenses decreased approximately $114,000.
- The County's net position at June 30, 2015 increased 15.0%, or approximately $1,584,000, over the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Wayne 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 Wayne 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 Wayne County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

2) 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 emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Wayne County's combined net position at the end of the fiscal year decreased from approximately $12.2 million to approximately $12.1 million. The analysis that follows focuses on the changes in the net position of governmental activities.

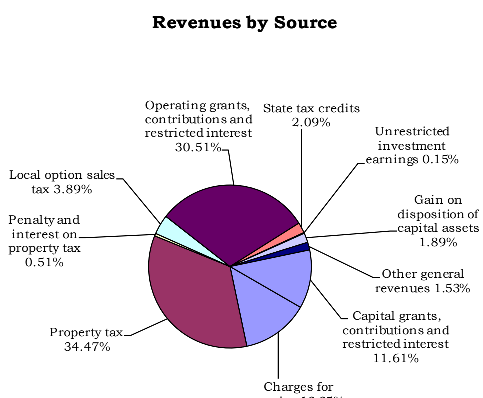
Net Position of Governmental Activities
(Expressed in Thousands)

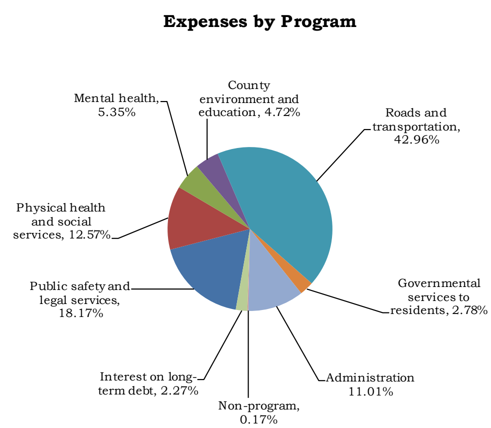
	June 30, 2015	2014 (Not Restated)
Current and other assets	$ 12,608	12,403
Capital assets	10,754	9,641
Total assets	23,362	22,044
Deferred outflows of resources	409	-
Long-term liabilities	7,099	6,136
Other liabilities	382	408
Total liabilities	7,481	6,544
Deferred inflows of resources	4,137	3,256
Net position:		
Net investment in capital assets	7,882	6,531
Restricted	4,465	4,164
Unrestricted	(194)	1,549
Total net position	$ 12,153	12,244

Prior to restatement, net position of Wayne County's governmental activities decreased 0.74% (approximately $12.153 million compared to approximately $12.244 million). The largest portion of the County's net position is invested in capital assets (e.g., infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately $1,549,000 to approximately ($194,000) at the end of this year, a decrease of 112.5%. The decrease was primarily due to recording the County's proportionate share of the net pension liability as of July 1, 2014.

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

		Year ended June 30, 2015	2014 (Not Restated)
Revenues:			
Program revenues:			
Charges for service	$	1,260	1,321
Operating grants, contributions and restricted interest		2,880	2,862
Capital grants, contributions and restricted interest		1,096	-
General revenues:			
Property tax		3,255	3,276
Penalty and interest on property tax		48	37
State tax credits		197	176
Local option sales tax		367	323
Unrestricted investment earnings		14	11
Gain on disposition of capital assets		178	5
Other general revenues		144	114
Total revenues		9,439	8,125
Program expenses:			
Public safety and legal services		1,427	1,347
Physical health and social services		987	1,101
Mental health		420	371
County environment and education		371	340
Roads and transportation		3,376	3,470
Governmental services to residents		218	224
Administration		865	830
Non-program		13	11
Interest on long-term debt		178	187
Total expenses		7,855	7,881
Increase in net position		1,584	244
Net position beginning of year, as restated		10,569	12,000
Net position end of year	$	12,153	12,244





Revenues of governmental activities increased approximately $1,314,000 from the prior year, primarily due to an increase of approximately $1,096,000 in capital grants, contributions and restricted interest, approximately $173,000 in gain on disposition of capital assets and approximately $44,000 in local option sales tax.

The cost of all governmental activities this year was approximately $7.855 million compared to approximately $7.881 million last year, a less than 1% decrease. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $2.618 million because some of the cost was paid by those directly benefited from the programs (approximately $1.26 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $4.0 million). Overall, the County's government program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2015 from approximately $4,183,000 to approximately $5,236,000, principally due to an increase in capital grants, contributions and restricted interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Wayne County completed the year, its governmental funds reported a combined fund balance of approximately $8.7 million, an increase of approximately $240,000 from last year's total of approximately $8.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund balance decreased $136,764, or 5.9%, to $2,200,746. Revenues decreased approximately $366,000, or 9.4%, primarily due to a decrease in property tax and a decrease in fees for prisoner care. Expenditures increased $268,887, or 7.9%, due to increased costs associated with personnel at the New Venture Group Home, the purchase of a vehicle for the New Venture Group Home, updating the heating and cooling system in the courthouse and purchasing chemicals to control the invasive fish population at Bob White State Park.

- The Special Revenue, Mental Health Fund balance increased $136,623 from the prior year balance to $143,275. Revenues slightly increased $2,516, or 0.8%, from the prior year. Expenditures decreased $64,831, or 28.5%, primarily due to the County no longer paying costs associated with intellectual disability waivers now paid for by the mental health region.

- The Special Revenue, Rural Services Fund balance increased $291,703 from the prior year to $765,748. Revenues increased $277,051, primarily due to an increase in property tax and an increase in grant funds received for the well testing program. Expenditures continued to remain relatively stable.

- The Special Revenue, Secondary Roads Fund balance decreased $43,115, or 1.7%, to $2,569,109. Revenues increased $226,571 from the prior year and expenditures increased $174,534 from the prior year. The increase in revenues is primarily due to an increase in intergovernmental revenue associated with Federal Emergency Management Agency (FEMA) projects. In addition, the amount of road use tax received increased. The increase in expenditures is primarily due to purchasing two caterpillar motor graders and a crane, totaling approximately $365,000, and a decrease in costs associated with road and bridge projects.

- The Special Revenue, Local Option Sales Tax Fund balance increased $50,102 to a balance of $2,834,362. Revenues remained relatively stable during fiscal year 2015. This fund reported expenditures of $329,072, a decrease of $90,497, or 21.6%, as a result of completing jail construction at the end of fiscal year 2014.

BUDGETARY HIGHLIGHTS

Over the course of the year, Wayne County amended its budget one time. The amendment was made in May 2015 and increased budgeted disbursements by $36,536, $49,780, $31,010, $202,000, $25,000 and $158,985 for the public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents and administration functions, respectively. The increases were necessary to prevent various departments from over spending budgeted amounts due to unanticipated expenses.

The County's receipts were $908,283 more than budgeted, a variance of 12.2%. Intergovernmental receipts were $923,400 more than budgeted, primarily due to receiving more FEMA funds and road use tax than anticipated.

Total disbursements were $741,548, or 8.4%, less than the amended budget. The County exceeded the budget in the mental health, debt service and capital projects functions by $94,483, $248,635 and $292,024, respectively, due to more costs than anticipated. Actual disbursements for physical health and social services, roads and transportation and non-program were $320,567, $312,668 and $391,663, respectively, less than budgeted as actual costs in these areas were less than originally expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Wayne County had approximately $10.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately $1,114,000, or 11.6%, from last year.

The County had depreciation expense of $660,348 in fiscal year 2015 and total accumulated depreciation of $6,513,100 at June 30, 2015. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2015, the County had $5,435,000 of general obligation bonds/notes outstanding, compared to $5,715,000 at June 30, 2014. The County paid $280,000 of principal on the general obligation bonds/notes during the year ended June 30, 2015.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Wayne County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $13.5 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Wayne County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services, the Wayne County Board of Supervisors is committed to limiting expenditure increases and reducing funding to non-mandated programs to provide essential services for the citizens of Wayne County.

The fiscal year 2016 county-wide property tax levy increased from $8.77794 per $1,000 of taxable valuation to $9.60075 per $1,000 of taxable valuation while the rural services property tax levy decreased from $5.64800 per $1,000 of taxable valuation to $5.16925 per $1,000 of taxable valuation. The fiscal year 2016 taxable valuations for incorporated areas and rural areas increased 0.44% and 0.24%, respectively, from the prior year.

Budgeted disbursements in the fiscal year 2016 operating budget are $8,630,927, a decrease of 2.50% from the final fiscal year 2015 budget. The decrease of $220,845 is mainly due to decreased expenditures in the roads and transportation and administration functions.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Wayne County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Wayne County Auditor's Office, 100 N. Lafayette, Corydon, Iowa, 50060.

Wayne County

Basic Financial Statements

Wayne County

Statement of Net Position

June 30, 2015

		Governmental Activities
Assets		
Cash, cash equivalents and pooled investments:		
County Treasurer	$	5,843,640
Component units		20,602
U.S. Treasury securities on deposit with escrow agent		2,562,746
Receivables:		
Property tax:		
Delinquent		14,210
Succeeding year		3,430,000
Interest and penalty on property tax		30,055
Accounts		7,496
Accrued interest		1,374
Due from other governments		369,361
Inventories		269,200
Prepaid insurance		59,076
Capital assets, net of accumulated depreciation		10,754,316
Total assets		23,362,076
Deferred Outflows of Resources		
Pension related deferred outflows		408,990
Liabilities		
Current liabilities:		
Accounts payable		174,905
Accrued interest payable		13,993
Salaries and benefits payable		122,347
Due to other governments		70,164
Long-term liabilities:		
Portion due or payable within one year:		
General obligation bonds/notes		160,000
Compensated absences		100,891
Portion due or payable after one year:		
General obligation bonds/notes		5,275,000
Compensated absences		95,272
Net pension liability		1,227,609
Net OPEB liability		240,304
Total liabilities		7,480,485
Deferred Inflows of Resources		
Unavailable property tax revenue		3,430,000
Pension related deferred inflows		707,465
Total deferred inflows of resources		4,137,465
Net Position		
Net investment in capital assets		7,882,062
Restricted for:		
Supplemental levy purposes		665,381
Mental health purposes		123,237
Rural services purposes		765,748
Secondary roads purposes		2,410,906
Conservation purposes		216,002
Debt service		260,638
Other purposes		23,330
Unrestricted		(194,188)
Total net position	$	12,153,116

See notes to financial statements.

Wayne County

Statement of Activities

Year ended June 30, 2015

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 1,427,405	165,102	60,722	-	(1,201,581)
Physical health and social services	986,781	871,441	126,980	-	11,640
Mental health	420,602	-	69,630	-	(350,972)
County environment and education	370,776	35,225	37,497	-	(298,054)
Roads and transportation	3,376,489	44,514	2,566,684	1,096,009	330,718
Governmental services to residents	218,066	134,049	-	-	(84,017)
Administration	864,610	9,990	6,600	-	(848,020)
Non-program	12,763	-	-	-	(12,763)
Interest and fees on long-term debt	177,823	-	12,670	-	(165,153)
Total	$ 7,855,315	1,260,321	2,880,783	1,096,009	(2,618,202)
General Revenues:					
Property and other county tax levied for:					
General purposes					3,133,236
Debt service					121,308
Penalty and interest on property tax					47,873
State tax credits					196,600
Local option sales tax					366,504
Unrestricted investment earnings					14,285
Gain on disposition of capital assets					178,206
Miscellaneous					144,184
Total general revenues					4,202,196
Change in net position					1,583,994
Net position beginning of year, as restated					10,569,122
Net position end of year					$ 12,153,116

See notes to financial statements.

Wayne County

Balance Sheet
Governmental Funds

June 30, 2015

	General	Special Revenue: Mental Health	Special Revenue: Rural Services	Special Revenue: Secondary Roads
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ 2,416,171	145,131	673,688	2,162,525
Component units	-	-	-	-
U.S. Treasury securities on deposit with escrow agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	10,035	1,282	2,229	-
Succeeding year	2,203,000	238,000	989,000	-
Interest and penalty on property tax	30,055	-	-	-
Accounts	6,099	-	-	1,397
Accrued interest	1,238	-	-	-
Advance to other funds	-	-	100,000	-
Due from other governments	84,820	-	5,800	238,673
Inventories	-	-	-	269,200
Prepaid insurance	40,483	-	-	18,593
Total assets	$ 4,791,901	384,413	1,770,717	2,690,388
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 114,574	881	2,242	57,208
Salaries and benefits payable	63,512	975	11,498	46,362
Advance from other funds	100,000	-	-	-
Due to other governments	69,979	-	-	185
Total liabilities	348,065	1,856	13,740	103,755
Deferred inflows of resources:				
Unavailable revenues:				
Suceeding year property tax	2,203,000	238,000	989,000	-
Other	40,090	1,282	2,229	17,524
Total deferred inflows of resources	2,243,090	239,282	991,229	17,524
Fund balances:				
Nonspendable:				
Inventories	-	-	-	269,200
Prepaid insurance	40,483	-	-	18,593
Advance to other funds	-	-	100,000	-
Restricted for:				
Supplemental levy purposes	675,272	-	-	-
Mental health purposes	-	143,275	-	-
Rural services purposes	-	-	665,748	-
Secondary roads purposes	-	-	-	2,281,316
Conservation purposes	6,368	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Conservation educational services	25,989	-	-	-
Park enhancements	2,499	-	-	-
Hardware and software enhancements	61,689	-	-	-
Courthouse maintenance	20,950	-	-	-
Assigned for promotion of public health	41,082	-	-	-
Unassigned	1,326,414	-	-	-
Total fund balances	2,200,746	143,275	765,748	2,569,109
Total liabilities, deferred inflows of resources and fund balances	$ 4,791,901	384,413	1,770,717	2,690,388

See notes to financial statements.

Local Option Sales Tax	Nonmajor	Total
231,546	214,579	5,843,640
-	20,602	20,602
2,562,746	-	2,562,746
-	664	14,210
-	-	3,430,000
-	-	30,055
-	-	7,496
2	134	1,374
-	-	100,000
40,068	-	369,361
-	-	269,200
-	-	59,076
2,834,362	235,979	12,707,760
-	-	174,905
-	-	122,347
-	-	100,000
-	-	70,164
-	-	467,416
-	-	3,430,000
-	664	61,789
-	664	3,491,789
-	-	269,200
-	-	59,076
-	-	100,000
-	-	675,272
-	-	143,275
-	-	665,748
-	-	2,281,316
-	209,634	216,002
2,834,362	2,351	2,836,713
-	23,330	23,330
-	-	25,989
-	-	2,499
-	-	61,689
-	-	20,950
-	-	41,082
-	-	1,326,414
2,834,362	235,315	8,748,555
2,834,362	235,979	12,707,760

Wayne County

Wayne County

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

June 30, 2015

Total governmental fund balances (page 21)		$ 8,748,555
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $17,267,416 and the accumulated depreciation is $6,513,100.		10,754,316
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.		61,789
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources	$ 408,990	
Deferred inflows of resources	(707,465)	(298,475)
Long-term liabilities, including general obligation bonds/notes payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(7,113,069)
Net position of governmental activities (page 18)		$ 12,153,116

See notes to financial statements.

Wayne County

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

Year ended June 30, 2015

	General	Special Revenue: Mental Health	Special Revenue: Rural Services	Special Revenue: Secondary Roads
Revenues:				
Property and other county tax	$ 1,831,669	234,117	1,067,239	-
Local option sales tax	-	-	-	-
Interest and penalty on property tax	43,522	-	-	-
Intergovernmental	1,080,071	64,911	115,544	2,754,321
Licenses and permits	615	-	11,138	696
Charges for service	399,149	-	-	-
Use of money and property	103,605	-	-	-
Miscellaneous	65,338	555	430	43,818
Total revenues	3,523,969	299,583	1,194,351	2,798,835
Expenditures:				
Operating:				
Public safety and legal services	1,037,105	-	290,170	-
Physical health and social services	981,376	-	36,986	-
Mental health	273,891	162,960	-	-
County environment and education	247,413	-	91,428	-
Roads and transportation	-	-	-	3,107,983
Governmental services to residents	212,431	-	3,460	-
Administration	908,230	-	-	-
Non-program	12,763	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	245,717
Total expenditures	3,673,209	162,960	422,044	3,353,700
Excess (deficiency) of revenues over (under) expenditures	(149,240)	136,623	772,307	(554,865)
Other financing sources (uses):				
Sale of capital assets	14,900	-	-	31,146
Transfers in	-	-	-	480,604
Transfers out	(2,424)	-	(480,604)	-
Total other financing sources (uses)	12,476	-	(480,604)	511,750
Change in fund balances	(136,764)	136,623	291,703	(43,115)
Fund balances beginning of year	2,337,510	6,652	474,045	2,612,224
Fund balances end of year	$ 2,200,746	143,275	765,748	2,569,109

See notes to financial statements.

Local Option Sales Tax	Nonmajor	Total
-	121,244	3,254,269
366,504	-	366,504
-	-	43,522
-	19,883	4,034,730
-	-	12,449
-	1,441	400,590
12,670	899	117,174
-	8,726	118,867
379,174	152,193	8,348,105
-	3,089	1,330,364
-	-	1,018,362
-	-	436,851
-	79,190	418,031
-	-	3,107,983
-	1,296	217,187
-	-	908,230
-	-	12,763
329,072	129,562	458,634
-	-	245,717
329,072	213,137	8,154,122
50,102	(60,944)	193,983
-	-	46,046
-	2,424	483,028
-	-	(483,028)
-	2,424	46,046
50,102	(58,520)	240,029
2,784,260	293,835	8,508,526
2,834,362	235,315	8,748,555

Wayne County

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

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25)		$ 240,029
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	$ 545,717	
Capital assets contributed by the Iowa Department of Transportation	1,096,009	
Depreciation expense	(660,348)	981,378
In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		132,160
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	275	
Other	(183,286)	(183,011)
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.		280,000
The current year County share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as deferred outflows of resources in the Statement of Net Position.		268,116
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	24,648	
Other postemployment benefits	(40,939)	
Pension expense	(119,198)	
Interest on long-term debt	811	(134,678)
Change in net position of governmental activities (page 19)		$1,583,994

See notes to financial statements.

Wayne County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 600,404
Other County officials	14,513
Receivables:	
Property tax:	
Delinquent	37,333
Succeeding year	5,503,000
Accounts	27,703
Total assets	6,182,953
Liabilities	
Accounts payable	1,845
Salaries and benefits payable	15,169
Due to other governments	6,147,070
Trusts payable	7,572
Compensated absences	11,297
Total liabilities	6,182,953
Net position	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Wayne 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, 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, Wayne 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 Wayne 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.

Wayne County Sheriff's Canine has been incorporated under Chapter 504A of the Code of Iowa to receive donations to aid the Wayne County Sheriff's Office. These donations are to be used to fund the training and care of a canine for law enforcement use. The financial activity of the component unit is included as a Special Revenue Fund of the County.

Wayne County Sheriff's Reserve has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Wayne County Sheriff's Office. These donations are to be used to fund the reserve officers who assist the County Sheriff, as requested. The financial activity of this component unit is included as a Special Revenue Fund of the County.

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

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Wayne, Ringgold and Decatur County Solid Waste Commission, Ten Fifteen Regional Transit Agency Board, South Iowa Area Crime Commission, Wayne County Development Corporation Board, Chariton Valley Rural Economic Development Incorporated Board, Southeast Iowa Case Management Board, Wayne County Empowerment Board, County Rural Offices of Social Services and Southeast Iowa Response Group.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds 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 Local Option Sales Tax Fund is used to account for local option sales tax revenues used in the funding of the general obligation bonds issued for the acquisition and construction of the jail.

Additionally, the County reports the following funds:

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 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 balances and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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

Advances To and From Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account for governmental funds which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost 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	$ 60,000
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Infrastructure	30 - 60
Buildings and improvements	20 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	2 - 10

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

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

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

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

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

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

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable 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 receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the mental health, debt service and capital projects functions. In addition, disbursements in certain departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $1,334,780 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. Also, at June 30, 2015, an escrow agent held U.S. Treasury notes for the County with a carrying amount and fair value of $2,562,746 which mature December 1, 2014 through June 1, 2016.

(3) Advances To and From Other Funds

The detail of advances to/from other funds at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Rural Services	General	$ 100,000

In a prior year, the County approved a loan from the Special Revenue, Rural Services Fund to supplement General Fund operations. The County has approved a schedule to repay the borrowing from the Special Revenue, Rural Services Fund at a minimum of $15,000 each year. During the year ended June 30, 2015, the County repaid $210,000.

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	$ 480,604
Debt Service	General	2,424
Total		$ 483,028

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Infrastructure, road network	$ 254,209	-	-	254,209
Construction in progress	-	451,000	-	451,000
Total capital assets not being depreciated	254,209	451,000	-	705,209
Capital assets being depreciated:				
Buildings	4,893,585	67,049	-	4,960,634
Improvements other than buildings	113,439	-	-	113,439
Equipment and vehicles	4,524,265	415,612	(639,373)	4,300,504
Infrastructure, road network	6,342,565	845,065	-	7,187,630
Total capital assets being depreciated	15,873,854	1,327,726	(639,373)	16,562,207
Less accumulated depreciation for:				
Buildings	1,063,960	93,551	-	1,157,511
Improvements other than buildings	25,966	3,781	-	29,747
Equipment and vehicles	3,460,455	213,895	(634,533)	3,039,817
Infrastructure, road network	1,936,904	349,121	-	2,286,025
Total accumulated depreciation	6,487,285	660,348	(634,533)	6,513,100
Total capital assets being depreciated, net	9,386,569	667,378	(4,840)	10,049,107
Governmental activities capital assets, net	$ 9,640,778	1,118,378	(4,840)	10,754,316

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 113,008
Physical health and social services	1,150
Mental health	10,699
County environment and education	21,433
Roads and transportation	502,437
Governmental services to residents	2,420
Administration	9,201
Total depreciation expense - governmental activities	$ 660,348

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	$ 69,979
Special Revenue:		
Secondary Roads	Services	185
Total for governmental funds		$ 70,164
Agency:		
County Offices	Collections	$ 6,941
Agricultural Extension Education		78,858
County Assessor		302,604
Schools		3,187,790
Community Colleges		241,746
Corporations and Special Assessments		887,754
Townships		149,214
Auto License and Use Tax		153,185
County Hospital		945,495
Other		193,483
Total for agency funds		$ 6,147,070

(7) Long-Term Liabilities

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

	General Obligation Bonds/Notes	Compen-sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	$ 5,715,000	220,811	1,931,343	199,365	8,066,519
Increases	-	142,164	-	47,506	189,670
Decreases	280,000	166,812	703,734	6,567	1,157,113
Balance end of year	$ 5,435,000	196,163	1,227,609	240,304	7,099,076
Due within one year	$ 160,000	100,891	-	-	260,891

Bonds/Notes Payable

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

	Local Option Sales and Services Tax Bonds County Jail, 911 Center and Jail Related Costs Issued June 15, 2008			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	3.80%	$ 160,000	112,672	272,672
2017	3.90	165,000	106,593	271,593
2018	4.00	175,000	100,158	275,158
2019	4.05	180,000	93,158	273,158
2020	4.10	190,000	85,868	275,868
2021-2025	4.15-4.35	1,060,000	304,667	1,364,667
2026-2028	4.35-4.40	750,000	66,760	816,760
Total		$ 2,680,000	869,876	3,549,876

	Local Option Sales and Services Tax Refunding Bonds Issued June 15, 2012				Total		
Year Ending June 30,	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2016		$ -	55,242	55,242	160,000	167,914	327,914
2017	1.20%	205,000	55,243	260,243	370,000	161,836	531,836
2018	1.30	215,000	52,783	267,783	390,000	152,941	542,941
2019	1.55	215,000	49,988	264,988	395,000	143,146	538,146
2020	1.70	220,000	46,655	266,655	410,000	132,523	542,523
2021-2025	1.80-2.25	1,150,000	171,208	1,321,208	2,210,000	475,875	2,685,875
2026-2028	2.40-2.75	750,000	40,167	790,167	1,500,000	106,927	1,606,927
Total		$ 2,755,000	471,286	3,226,286	5,435,000	1,341,162	6,776,162

On June 15, 2012, the County issued $2,755,000 of general obligation refunding bonds for a crossover advance refunding of $2,520,000 of general obligation local option sales and services tax bonds dated June 15, 2008. The bonds bear interest at 1.20% to 2.75% per annum and mature June 1, 2028. The crossover refunding date is June 1, 2016.

For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. These securities, along with additional cash, were placed with an escrow agent to pay the principal and interest on the refunding general obligation bonds (new debt) until the crossover refunding date. On the crossover refunding date of June 1, 2016, the refunded general obligation bonds (old debt) will be paid using the amounts held by the escrow agent. From that point forward, the local option sales tax revenue will be used to pay the refunding general obligation bonds (new debt). The transactions and balances of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

During the year ended June 30, 2015, the County retired $280,000 of general obligation bonds/notes.

(8) Pension Plan

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

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

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

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

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1% point.

IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

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

The County's contributions to IPERS for the year ended June 30, 2015 were $268,116.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of $1,227,609 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.030954%, which was a decrease of 0.002683% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $119,198. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,366	17,800
Changes of assumptions	58,337	12,529
Net difference between projected and actual earnings on pension plan investments	-	677,136
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	68,171	-
County contributions subsequent to the measurement date	268,116	-
Total	$ 408,990	707,465

$268,116 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	$ (143,456)
2017	(143,456)
2018	(143,456)
2019	(143,456)
2020	7,233
Total	$ (566,591)

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset):	$ 2,771,862	$1,227,609	$ (74,815)

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

Payables to IPERS- At June 30, 2015, the County reported payables to IPERS of $19,864 for legally required County contributions and $13,945 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 77 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	$	47,454
Interest on net OPEB obligation		7,975
Adjustment to annual required contribution		(7,923)
Annual OPEB cost		47,506
Contributions made		(6,567)
Increase in net OPEB obligation		40,939
Net OPEB obligation beginning of year		199,365
Net OPEB obligation end of year	$	240,304

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed $6,567 to the medical plan. Plan members eligible for benefits did not contribute.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 51,970	17.5%	$ 156,415
2014	52,047	17.5	199,365
2015	47,506	13.8	240,304

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $341,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $341,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $2,757,000 and the ratio of the UAAL to covered payroll was 12.4%. As of June 30, 2015, there were no trust fund assets.

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

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

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

Mortality rates are from the SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS actuarial valuation as of June 30, 2014 and applying the termination factors used in the IPERS actuarial valuation as of June 30, 2014.

Projected claim cost of the medical plan are $1,333 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expenses on an open basis over 30 years.

(10) Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were $116,648.

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

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

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

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula is 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.

(11) Wayne County Financial Information Included in the County Rural Offices of Social Services (CROSS) Mental Health Region

County Rural Offices of Social Services (CROSS) Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective March 25, 2015, includes the following member counties: Clarke, Decatur, Lucas, Monroe, Ringgold and Wayne County. The financial activity of Wayne County's Special Revenue, Mental Health Fund is included in the CROSS Mental Health Region for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		$ 234,117
Intergovernmental:		
State tax credits	$ 15,874	
Mental health and disability services equalization	45,845	
Social services block grant	3,158	
Medicaid	-	
Other	34	64,911
Miscellaneous		555
Total revenues		299,583
Expenditures:		
Services to persons with:		
Mental illness	80,214	
Intellectual disability	1,685	81,899
General administration:		
Direct administration	55,389	
Distribution to regional fiscal agent	25,672	81,061
Total expenditures		162,960
Excess of revenues over expenditures		136,623
Fund balance beginning of year		6,652
Fund balance end of year		$ 143,275

(12) Accounting Change/Restatement

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

	Governmental Activities
Net position June 30, 2014, as previously reported	$ 12,244,124
Net pension liability at June 30, 2014	(1,931,343)
Deferred outflows of resources related to prior year contibutions made after the June 30, 2013 measurement date	256,341
Net position July 1, 2014, as restated	$ 10,569,122

Required Supplementary Information

Wayne County

Wayne County

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

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 3,636,330	-	3,636,330
Interest and penalty on property tax	43,522	-	43,522
Intergovernmental	3,995,037	-	3,995,037
Licenses and permits	12,408	-	12,408
Charges for service	405,499	-	405,499
Use of money and property	116,675	-	116,675
Miscellaneous	153,786	8,726	145,060
Total receipts	8,363,257	8,726	8,354,531
Disbursements:			
Public safety and legal services	1,325,790	3,089	1,322,701
Physical health and social services	1,021,845	-	1,021,845
Mental health	394,961	-	394,961
County environment and education	353,982	-	353,982
Roads and transportation	3,103,482	-	3,103,482
Governmental services to residents	218,275	-	218,275
Administration	899,356	-	899,356
Non-program	12,763	-	12,763
Debt service	458,635	-	458,635
Capital projects	324,224	-	324,224
Total disbursements	8,113,313	3,089	8,110,224
Excess (deficiency) of receipts over (under) disbursements	249,944	5,637	244,307
Other financing sources, net	17,232	-	17,232
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	267,176	5,637	261,539
Balance beginning of year	8,159,812	14,965	8,144,847
Balance end of year	$ 8,426,988	20,602	8,406,386

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
3,599,018	3,599,018	37,312
-	-	43,522
3,036,637	3,071,637	923,400
53,330	53,330	(40,922)
429,725	429,725	(24,226)
8,538	8,538	108,137
284,000	284,000	(138,940)
7,411,248	7,446,248	908,283
1,371,553	1,408,089	85,388
1,292,632	1,342,412	320,567
300,478	300,478	(94,483)
406,083	437,093	83,111
3,214,150	3,416,150	312,668
252,426	277,426	59,151
864,513	1,023,498	124,142
404,426	404,426	391,663
210,000	210,000	(248,635)
32,200	32,200	(292,024)
8,348,461	8,851,772	741,548
(937,213)	(1,405,524)	1,649,831
-	-	17,232
(937,213)	(1,405,524)	1,667,063
4,206,139	4,206,139	3,938,708
3,268,926	2,800,615	5,605,771

Wayne County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 8,363,257	48,320	8,348,105
Expenditures	8,113,313	12,489	8,154,122
Net	249,944	35,831	193,983
Other financing sources, net	17,232	28,814	46,046
Beginning fund balances	8,159,812	312,883	8,508,526
Ending fund balances	$ 8,426,988	377,528	8,748,555

See accompanying independent auditor's report.

Wayne County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $503,311. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the mental health, debt service and capital projects functions. In addition, disbursements in certain departments exceeded the amounts appropriated.

Wayne County

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

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

Required Supplementary Information

		2015
County's collective proportion of the net pension liability (asset)		0.030954%
County's collective proportionate share of the net pension liability (asset)	$	1,228
County's covered-employee payroll	$	2,796
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll		43.92%
Plan fiduciary net position as a percentage of the total pension liability		87.61%

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

See accompanying independent auditor's report.

Wayne County

Wayne County

Schedule of County Contributions

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

Required Supplementary Information

		2015	2014	2013	2012
Statutorily required contribution	$	268	256	232	208
Contributions in relation to the statutorily required contribution		(268)	(256)	(232)	(208)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	2,907	2,796	2,586	2,448
Contributions as a percentage of covered-employee payroll		9.22%	9.16%	8.97%	8.50%

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
186	167	149	136	130	125
(186)	(167)	(149)	(136)	(130)	(125)
-	-	-	-	-	-
2,493	2,372	2,300	2,194	2,173	2,106
7.46%	7.04%	6.48%	6.20%	5.98%	5.94%

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

Wayne 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)
2010	Jul 1, 2009	-	$ 306	306	0.0%	$ 2,389	12.8%
2011	Jul 1, 2009	-	306	306	0.0	2,432	12.6
2012	Jul 1, 2011	-	397	397	0.0	2,396	16.6
2013	Jul 1, 2011	-	397	397	0.0	2,558	15.5
2014	Jul 1, 2011	-	397	397	0.0	2,873	13.8
2015	Jul 1, 2014	-	341	341	0.0	2,757	12.4

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

See accompanying independent auditor’s report.

Supplementary Information

Wayne County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Special Resource Enhancement and Protection
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	$ 740	4	37,381
Component units	-	-	-
Receivables:			
Delinquent property tax	-	-	-
Accrued interest	-	-	-
Total assets	$ 740	4	37,381
Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues	$ -	-	-
Fund balances:			
Restricted for:			
Conservation purposes	-	-	37,381
Debt service	-	-	-
Other purposes	740	4	-
Total fund balances	740	4	37,381
Total deferred inflows of resources and fund balances	$ 740	4	-

See accompanying independent auditor's report.

Revenue					
Duncan Bequest	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Wayne County Sheriff's Foreiture	Debt Service	Total
172,119	-	-	1,984	2,351	214,579
-	4,906	15,696	-	-	20,602
-	-	-	-	664	664
134	-	-	-	-	134
172,253	4,906	15,696	1,984	3,015	235,979
-	-	-	-	664	664
172,253	-	-	-	-	209,634
-	-	-	-	2,351	2,351
-	4,906	15,696	1,984	-	23,330
172,253	4,906	15,696	1,984	2,351	235,315
-	4,906	15,696	1,984	-	23,330

Wayne County

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

Year ended June 30, 2015

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Special Resource Enhancement and Protection
Revenues:			
Property and other county tax	$ -	-	-
Intergovernmental	-	-	11,645
Charges for service	1,441	-	-
Use of money and property	-	-	4
Miscellaneous	-	-	-
Total revenues	1,441	-	11,649
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	4,733
Governmental services to residents	1,296	-	-
Debt service	-	-	-
Total expenditures	1,296	-	4,733
Excess (deficiency) of revenues over (under) expenditures	145	-	6,916
Other financing sources:			
Transfers in	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	145	-	6,916
Fund balances beginning of year	595	4	30,465
Fund balances end of year	$ 740	4	37,381

See accompanying independent auditor’s report.

Revenue					
Duncan Bequest	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Wayne County Sheriff's Forfeiture	Debt Service	Total
-	-	-	-	121,244	121,244
-	-	-	-	8,238	19,883
-	-	-	-	-	1,441
889	-	-	-	6	899
-	315	8,411	-	-	8,726
889	315	8,411	-	129,488	152,193
-	60	3,029	-	-	3,089
74,457	-	-	-	-	79,190
-	-	-	-	-	1,296
-	-	-	-	129,562	129,562
74,457	60	3,029	-	129,562	213,137
(73,568)	255	5,382	-	(74)	(60,944)
-	-	-	-	2,424	2,424
(73,568)	255	5,382	-	2,350	(58,520)
245,821	4,651	10,314	1,984	1	293,835
172,253	4,906	15,696	1,984	2,351	235,315

Wayne County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

		County Offices	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$	-	1,449	144,091	58,389
Other County officials		14,513	-	-	-
Receivables:					
Property tax:					
Delinquent		-	409	901	16,401
Succeeding year		-	77,000	172,000	3,113,000
Accounts		-	-	-	-
Total assets	$	14,513	78,858	316,992	3,187,790
Liabilities					
Accounts payable	$	-	-	-	-
Salaries and benefits payable		-	-	3,433	-
Due to other governments		6,941	78,858	302,604	3,187,790
Trusts payable		7,572	-	-	-
Compensated absences		-	-	10,955	-
Total liabilities	$	14,513	78,858	316,992	3,187,790

See accompanying independent auditor's report.

Community Colleges	Corporations and Special Assessments	Townships	Auto License and Use Tax	County Hospital	Other	Total
4,476	40,596	1,983	153,185	17,537	178,698	600,404
-	-	-	-	-	-	14,513
1,270	13,158	231	-	4,958	5	37,333
236,000	834,000	147,000	-	923,000	1,000	5,503,000
-	-	-	-	-	27,703	27,703
241,746	887,754	149,214	153,185	945,495	207,406	6,182,953
-	-	-	-	-	1,845	1,845
-	-	-	-	-	11,736	15,169
241,746	887,754	149,214	153,185	945,495	193,483	6,147,070
-	-	-	-	-	-	7,572
-	-	-	-	-	342	11,297
241,746	887,754	149,214	153,185	945,495	207,406	6,182,953

Wayne County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 13,770	77,020	313,789	3,088,016
Additions:				
Property and other county tax	-	76,772	171,215	3,104,917
E911 surcharge	-	-	-	-
State tax credits	-	5,068	11,400	203,042
Drivers license fees	-	-	-	-
Office fees and collections	355,593	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	116,782	-	-	-
Miscellaneous	-	11	86	427
Total additions	472,375	81,851	182,701	3,308,386
Deductions:				
Agency remittances:				
To other funds	255,423	-	-	-
To other governments	97,974	80,013	179,498	3,208,612
Trusts paid out	118,235	-	-	-
Total deductions	471,632	80,013	179,498	3,208,612
Balances end of year	$ 14,513	78,858	316,992	3,187,790

See accompanying independent auditor’s report.

Community Colleges	Corporations and Special Assessments	Townships	Auto License and Use Tax	County Hospital	Other	Total
238,354	851,795	147,267	165,129	931,279	304,968	6,131,387
235,431	821,241	146,841	-	921,131	823	5,478,371
-	-	-	-	-	112,072	112,072
15,681	109,215	6,718	-	61,345	56	412,525
-	-	-	-	-	38,006	38,006
-	-	-	-	-	1,386	356,979
-	-	-	1,877,134	-	-	1,877,134
-	22,387	-	-	-	-	22,387
-	-	-	-	-	177,386	294,168
34	533	597	-	133	403,594	405,415
251,146	953,376	154,156	1,877,134	982,609	733,323	8,997,057
-	-	-	70,763	-	-	326,186
247,754	917,417	152,209	1,818,315	968,393	653,876	8,324,061
-	-	-	-	-	177,009	295,244
247,754	917,417	152,209	1,889,078	968,393	830,885	8,945,491
241,746	887,754	149,214	153,185	945,495	207,406	6,182,953

Wayne County

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

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	$ 3,254,269	3,277,371	3,085,689	3,142,670
Local option sales tax	366,504	323,187	353,423	326,157
Interest and penalty on property tax	43,522	42,957	46,640	41,645
Intergovernmental	4,034,730	3,813,119	3,501,694	3,974,740
Licenses and permits	12,449	9,308	8,550	11,657
Charges for service	400,590	460,157	446,121	450,496
Use of money and property	117,174	120,187	59,545	28,585
Miscellaneous	118,867	117,087	259,436	192,717
Total	$ 8,348,105	8,163,373	7,761,098	8,168,667
Expenditures:				
Operating:				
Public safety and legal services	$ 1,330,364	1,280,674	1,190,882	1,062,720
Physical health and social services	1,018,362	1,091,508	1,068,193	893,116
Mental health	436,851	360,302	380,655	844,930
County environment and education	418,031	349,682	216,410	237,934
Roads and transportation	3,107,983	2,964,008	3,006,788	2,793,124
Governmental services to residents	217,187	220,096	223,076	196,679
Administration	908,230	821,703	718,625	551,179
Non-program	12,763	10,678	12,581	23,092
Debt service	458,634	457,486	455,320	420,931
Capital projects	245,717	268,205	58,777	110,221
Total	$ 8,154,122	7,824,342	7,331,307	7,133,926

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
3,003,146	2,218,985	2,080,278	2,058,897	1,993,573	1,927,731
374,505	340,386	285,414	94,285	-	-
42,202	32,241	31,146	32,998	35,881	33,737
3,704,021	3,246,841	3,611,502	3,662,984	3,270,942	3,198,154
13,053	7,768	5,560	4,759	3,251	2,585
360,917	274,480	258,327	264,126	261,776	265,761
25,483	36,681	97,522	139,552	142,835	138,985
58,192	160,160	213,100	130,519	75,924	137,495
7,581,519	6,317,542	6,582,849	6,388,120	5,784,182	5,704,448
1,021,037	1,027,425	886,029	1,013,637	735,437	666,122
839,343	843,386	831,455	777,343	694,106	679,267
687,820	652,568	750,522	699,214	753,824	768,428
245,213	315,010	410,099	455,226	350,741	258,890
2,781,392	2,621,430	2,367,802	2,473,899	2,296,227	2,476,437
200,742	193,772	201,919	173,731	165,946	270,426
661,985	660,486	688,040	711,559	659,251	612,510
31,092	25,813	26,891	16,142	27,352	30,993
285,108	275,815	286,832	17,713	15,000	-
20,741	470,526	3,116,794	-	2,033	77,730
6,774,473	7,086,231	9,566,383	6,338,464	5,699,917	5,840,803

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

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

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 Wayne County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wayne 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 Wayne County's internal control. Accordingly, we do not express an opinion on the effectiveness of Wayne 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 a deficiency in internal control we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne 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, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Wayne County's Responses to the Findings

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

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

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

February 26, 2016

Wayne County

Schedule of Findings

Year ended June 30, 2015

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

	Applicable Offices
(1) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Treasurer, Recorder, Sheriff and New Venture Group Home
(2) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared and forwarded to accounting personnel for processing.	Recorder
(3) A listing of cash and checks received by mail is not regularly prepared or compared to cash receipt records or bank deposits.	Sheriff and New Venture Group Home
(4) Bank accounts are not reconciled by an individual who does not sign checks, handle or record cash. Monthly reviews of bank reconciliations by an independent person were not documented.	Treasurer, Recorder, Sheriff and New Venture Group Home
(5) The person who signs checks was not independent of the person preparing the checks, approving disbursements and recording cash receipts.	Recorder, Sheriff and New Venture Group Home
(6) Accounting procedures manuals should be developed to aid in training additional or replacement personnel, achieve uniformity in accounting and in the application of policies and procedures and save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.	Auditor and Recorder
(7) Journal entries should be reviewed and approved by an independent individual not responsible for making the entry.	Treasurer

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

Responses –

Treasurer – (1), (4), and (7) – Due to a very small office, it is hard to segregate duties. We try to have things double checked such as checks written by one and signed by another. We do as much as we possibly can.

Recorder – (1), (2), (4) and (5) – There are only two people who work in this office. We try to do the best we can to segregate and review the work of others. (6) - We will try to create a procedures manual.

Sheriff – (1) – Attempts have been made each year to improve on this issue. We feel we have made improvements. The Wayne County Sheriff's Office does not currently have a staffing level to accommodate this concern without difficulty. Three out of three employees that either sign checks or open the mail and record the checks work the same shift. We feel we have adequate checks and balances in place at this time and will take your recommendation under advisement. Efforts will be made to improve, but employee job functions and responsibilities limit the ability to do this.

(3), (4) and (5) – Review will be made of this procedure and the office will obtain the maximum internal control possible under the circumstances to compare the receipts with deposits. The office is currently reviewing bank reconciliations monthly at the time the monthly report to the Wayne County Board of Supervisors is completed and has done so in the past. The Sheriff and Chief Deputy initialed and dated the bank statement at the time of review to certify the review. It was our understanding this was acceptable.

Auditor – (6) – We work at dividing the duties that our office controls, but with limited staff, it can be difficult to do. At times we have used staff from other offices. We do make sure the same person who opens mail and reviews does not write checks and the person who issues checks does not distribute them. We try to use the same process when monies are received and deposited with the County Treasurer.

New Venture Group Home – (1), (3), (4) and (5) – We will continue to work on segregating the duties to the best of our abilities, but with limited number of individuals working at the Group Home's different schedules, proper segregation of duties is hard to achieve.

Conclusions –

Treasurer – Response acknowledged. To strengthen controls, the Treasurer should review the operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials and staff from other offices.

Recorder – Response acknowledged. To strengthen controls, the Recorder should review the operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials and staff from other offices.

Sheriff – Response accepted.

Auditor – Response accepted.

New Venture Group Home – Response accepted.

(B) County Sheriff – Certain expenditures paid from the County Sheriff's commissary account were not included in the County's budget or annual financial report.

Recommendation – Commissary profits in excess of the amount needed to purchase resale items for the Commissary should be remitted to the County Treasurer and included in the County's annual budget and financial statements. All expenditures for the County Sheriff's Office should be paid by claims approved by the Board of Supervisors and reflected in the County's accounting system, budget and annual financial statements.

Response – This recommendation is taken under advisement. Expenditures are made on items for the jail with proceeds from the commissary. Discussion with the Board of Supervisors was held to determine what will work best for our situation. The concern is being able to have funds available to purchase the resale Commissary items. The expenditures made from the Commissary have been for needed items for the jail only.

Conclusion – Response acknowledged. To strengthen internal control and accountability over public funds, the County Sheriff should remit Commissary profits to the County Treasurer and include expenditures made from the profits in the County budget. In addition, Chapter 331.552(2) requires the County Treasurer to disburse money owed or payable by the County on warrants or checks.

(C) County Engineer – Certain Secondary Roads Department employees have vacation balances exceeding the allowable hours per the County's employee handbook and the Secondary Roads union agreement. Per the County's employee handbook, department heads may allow employees to carry over a maximum of one year's vacation accrual. Per the Secondary Roads union agreement, all vacation time accumulated on an employee's anniversary date must be used within one year following the anniversary date or it will be forfeited.

Recommendation – The County Engineer should ensure vacation balances do not exceed allowable limits in accordance with the County's policy and the union agreement.

Response – It is the opinion of the County Engineer that the employee handbook as well as the union agreement read that a Secondary Road's employee may carry over one year's vacation while still earning the prescribed vacation of the current year, thereby allowing the employee to accumulate a maximum of two year's vacation time. Therefore, no action will be taken and the Secondary Roads Department will continue to operate under the current policies and procedures. However, they will better monitor accrued vacation time.

Conclusion – Response acknowledged. The Secondary Roads union agreement does not state a maximum of two years vacation time is allowed beyond the employee's anniversary date. The County should consult legal counsel to determine the allowable carryover of vacation hours in accordance with the union agreement.

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

The County does not have written policies for:

- requiring password changes because software does not require the user to change log-ins/passwords periodically.
- requiring passwords remain confidential between department heads and staff.
- requiring passwords to be a minimum of six characters.

In addition, the County does not have a lockout function in place if an incorrect password is entered multiple times or an off-site backup of the Eden software system.

Recommendation – The County should develop written policies addressing the above items. In addition, a lockout function should be implemented to improve the County's control over its computer system and the Eden software system should be backed up and maintained offsite.

Response – We will work with our software provider. We are updating some of the programs, so we will review this at that time. We have obtained an off-site backup for all our programs with our software provider.

Conclusion – Response accepted.

(E) Capital Assets – Test counts of capital assets are not conducted periodically by an independent person to determine the assets exist and all assets are included in the capital asset listing.

Recommendation – A person who does not have responsibility for capital assets should periodically test count capital assets to ensure the accuracy of the capital asset listing.

Response – The Board of Supervisors will set up various times through-out the year to complete this task.

Conclusion – Response accepted.

(F) Mental Health Program Coding – The County's mental health expenditures related to the New Venture Group Home for County provided mental health services were not recorded to the proper program code in accordance with the Uniform Chart of Accounts for Iowa County Governments.

Recommendation – The County should record expenditures for county provided mental health services to the proper program code for appropriate accountability of mental health expenditures.

Response – The program codes have been implemented in the expenditure and revenue budget.

Conclusion – Response accepted.

(G) Overpayment of County Employees' Salaries – Employee salaries per pay period for all salaried County employees were calculated using 260 working days in the calculation. Actual working days during fiscal year 2015 totaled 261. Therefore, all salaried County employees were paid for one extra working day causing a total payroll overpayment of approximately $5,000.

Recommendation – The County should seek legal advice to determine the resolution of the payroll overpayment to its salaried employees. In the future, employee salaries should be based on the actual number of working days in the fiscal year for which they will be paid.

Response – We are reviewing the matter with our County Attorney, noting there was some misunderstanding of the number of working days used in the computation. The upcoming years have been reviewed by the staff in the Auditor's Office and set up for several years to prevent this from happening in the future.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the mental health, debt service and capital projects functions. Also, disbursements in several departments exceeded the amounts appropriated.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Response – We will make an effort to amend the budget prior to exceeding the budget amount.

Conclusion – Response accepted.

(2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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

(4) Business Transactions – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Kay Middlebrook, County Assessor, and Melinda Middlebrook, County CPC administrator, wife and daughter-in-law, respectively, of the owner of Middlebrook Amoco	Fuel, service and repair:	
	Board of Supervisors	$ 177
	County Assessor	575
	County Recorder	33
	County Sheriff	95
	New Venture Group Home	916
	Mental Health Department	47
	General Services	194
	Board of Health	1,735
	Emergency Management	19
	Total	$ 3,791

The transactions with Middlebrook Amoco do not appear to represent a conflict of interest in accordance with Chapter 331.342(d) of the Code of Iowa since the County Assessor's and the County CPC administrator's employment are not directly affected as a result of the contract and the duties of employment do not directly involve procurement or preparation of any part of the contracts.

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

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

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

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

(9) Emergency Management and Wayne County Joint E-911 Service Board Budgets – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted.

Recommendation – The budget should have been amended by the Emergency Management Commission and the Wayne County Joint E-911 Service Board in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The Commission and Service Board will amend the budget in the future before the disbursements exceed the budgeted amount.

Conclusion – Response accepted.

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

Wayne County

Staff

This audit was performed by:

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