

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE

March 21, 2016

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$8,162,720 for the year ended June 30, 2015, which included \$556,777 in tax credits from the state. The County forwarded \$5,514,486 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,648,234 of the local tax revenue to finance County operations, a 9.5% decrease from the prior year. Other revenues included charges for service of \$819,837, operating grants, contributions and restricted interest of \$2,707,725, capital grants, contributions and restricted interest of \$1,240,638, tax increment financing of \$373,742, local option sales tax of \$233,192, unrestricted investment earnings of \$17,717 and other general revenues of 98,118.

Expenses for County operations for the year ended June 30, 2015 totaled \$6,842,294, an 8.5% increase over the prior year. Expenses included \$3,249,347 for roads and transportation, \$1,038,535 for public safety and legal services and \$720,600 for county environment and education.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0002-B00F.pdf>.

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ADAMS COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015

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Adams County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Douglas Birt	Board of Supervisors	Jan 2015
Linda England	Board of Supervisors	Jan 2015
Phyllis Mullen	Board of Supervisors	Jan 2015
Merlin Dixon	Board of Supervisors	Jan 2017
Karl McCarty	Board of Supervisors	Jan 2017
Rebecca Bissell	County Auditor	Jan 2017
Nancy Kempton	County Treasurer	Jan 2015
Mary Miller	County Recorder	Jan 2015
Alan Johannes	County Sheriff	Jan 2017
Douglas Daggett	County Attorney	Jan 2017
Wesley Ray	County Assessor	Jan 2016

(After January 2015)

Merlin Dixon	Board of Supervisors	Jan 2017
Karl McCarty	Board of Supervisors	Jan 2017
Douglas Birt	Board of Supervisors	Jan 2019
Linda England	Board of Supervisors	Jan 2019
Leland Shipley	Board of Supervisors	Jan 2019
Rebecca Bissell	County Auditor	Jan 2017
Nancy Kempton	County Treasurer	Jan 2019
Jamie Stargell	County Recorder	Jan 2019
Alan Johannes	County Sheriff	Jan 2017
Douglas Daggett	County Attorney	Jan 2017
Wesley Ray	County Assessor	Jan 2016

Adams County



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Independent Auditor's Report

To the Officials of Adams 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 Adams 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 Adams 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 16, Adams County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 54 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adams 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 29, 2016 on our consideration of Adams 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 Adams County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 29, 2016

Adams County

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by \$1,435,220 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. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- Adams County's governmental activities' revenues increased 12.9%, or approximately \$931,000, from fiscal year 2014 to fiscal year 2015. Property tax increased approximately \$61,000, operating grants, contributions and restricted interest increased approximately \$350,000 and capital grants, contributions and restricted interest increased approximately \$505,000.
- Program expenses of the County's governmental activities were 8.5%, or approximately \$538,000, more in fiscal year 2015 than in fiscal year 2014. County environment and education expenses decreased approximately \$193,000, mental health expenses increased approximately \$281,000 and roads and transportation expenses increased approximately \$454,000.
- The County's net position increased 16.1%, or approximately \$1,297,000, from 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 Adams 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 Adams 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 Adams 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, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has 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, 3) the Debt Service Fund and the 4) Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) 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 the County Assessor, emergency management and CPC case management administration, 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. Adams County's combined net position decreased 1.5% from a year ago, decreasing from approximately \$9.5 million to approximately \$9.3 million. The analysis that follows focuses on the net position of governmental activities.

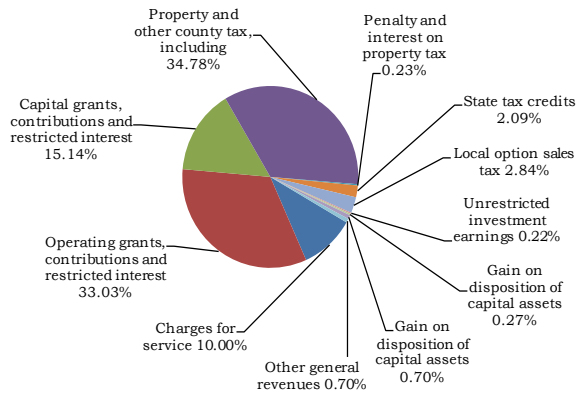
Net Position of Governmental Activities		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 9,998,987	6,942,762
Capital assets	10,467,645	9,424,406
Total assets	20,466,632	16,367,168
Deferred outflows of resources	251,180	-
Long-term liabilities	7,392,567	3,618,253
Other liabilities	145,503	460,913
Total liabilities	7,538,070	4,079,166
Deferred inflows of resources	3,849,051	2,819,000
Net position:		
Invested in capital assets	10,192,702	9,424,406
Restricted	2,419,851	2,262,911
Unrestricted	(3,281,862)	(2,218,315)
Total net position	\$ 9,330,691	9,469,002

Prior to restatement, net position of Adams County's governmental activities decreased 1.5% (approximately \$9.3 million compared to approximately \$9.5 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). 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 a deficit of approximately \$2.2 million at June 30, 2014 to a deficit of approximately \$3.3 million at the end of this year. The deficit of approximately \$3.3 million is due primarily to urban renewal tax increment revenue bonds of approximately \$2.2 million, local option sales tax revenue bonds of \$620,000 and recording the net pension liability as of July 1, 2014.

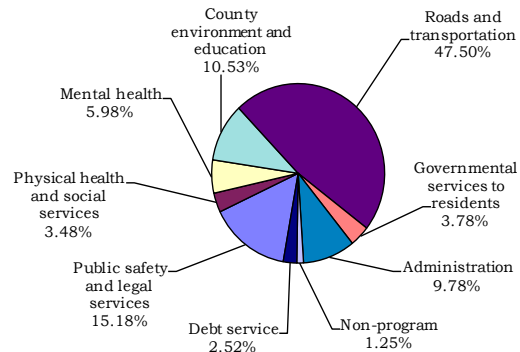
Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 819,837	876,906
Operating grants, contributions and restricted interest	2,707,725	2,357,630
Capital grants, contributions and restricted interest	1,240,638	735,393
General revenues:		
Property and other county tax, including tax increment financing	2,850,586	2,789,448
Penalty and interest on property tax	18,229	17,706
State tax credits	171,390	136,187
Local option sales tax	233,192	202,547
Unrestricted investment earnings	17,717	15,837
Gain on disposition of capital assets	22,508	73,580
Other general revenues	57,381	3,065
Total revenues	8,139,203	7,208,299
Program expenses:		
Public safety and legal services	1,038,535	1,112,694
Physical health and social services	238,219	261,950
Mental health	409,346	128,476
County environment and education	720,600	913,393
Roads and transportation	3,249,347	2,795,741
Governmental services to residents	258,701	210,077
Administration	669,459	749,871
Non-program	85,855	21,201
Debt service	172,232	111,377
Total expenses	6,842,294	6,304,780
Change in net position	1,296,909	903,519
Net position beginning of year, as restated	8,033,782	8,565,483
Net position end of year	\$ 9,330,691	9,469,002

Revenues by Source



Expenses by Program



Adams County decreased property tax rates \$0.04949 per \$1,000 of taxable valuation for the countywide levy and increased property tax rates \$0.00112 per \$1,000 of taxable valuation for the rural services levy. The fiscal year 2015 Adams County taxable property valuation increased \$10,727,299. Adams County's general basic tax levy for fiscal year 2015 was \$4.00 per \$1,000 of taxable valuation. The net effect of these changes increased the County's property and other county tax revenue \$36,412 in fiscal year 2015.

INDIVIDUAL MAJOR FUND ANALYSIS

As Adams County completed the year, its governmental funds reported a combined fund balance of approximately \$6.6 million, an increase of \$2,966,583 from last year's total of approximately \$3.6 million. The increase in the combined fund balance is due primarily to increases in the Special Revenue, Secondary Roads, Local Option Sales Tax and Urban Renewal Funds and the Capital Projects Funds. Changes in fund balances of the major funds from the prior year are as follows:

- General Fund revenues increased \$34,536 as a result of an increase in taxes. Expenditures decreased \$135,421, mainly due to maintenance projects completed at Lake Icaria during fiscal year 2014. The General Fund ending balance decreased \$117,294 from the prior year to \$1,367,275.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$413,965, an increase of 238.5% from the prior year. Revenues increased \$54,809. The Special Revenue, Mental Health Fund balance at year end decreased \$81,147 from the prior year to a balance of \$4,210. Expenditures increased and revenues decreased primarily due to the statewide mental health redesign which shifts Medicaid revenues and expenditures to the regional level and away from the county level. Expenditures increased in fiscal year 2015 due to remitting funds to the Mental Health Region.
- Special Revenue, Rural Services Fund revenues increased \$34,127 due to an increase in levy rates. The Rural Services Fund ending balance decreased \$96,816 from the prior year to \$134,012. There were no significant changes in expenditures for the Rural Services Fund. Transfers to the Special Revenue, Secondary Roads Fund increased \$32,316.
- Special Revenue, Secondary Roads Fund revenues increased \$304,979 from the prior year as a result of an increase in dollars received from the Federal Emergency Management Agency for disaster recovery and road use tax. Secondary Roads Fund expenditures increased \$290,876, primarily due to the County spending more on road maintenance. These changes resulted in an increase of \$297,898 in the Secondary Roads Fund ending balance from fiscal year 2014 to \$1,420,411 at June 30, 2015.
- Special Revenue, Local Option Sales Tax Fund expenditures decreased approximately \$2,800 from the prior year. Local Option Sales Tax Fund revenues increased \$30,645 from the prior year due to an increase in local option sales tax revenue during fiscal year 2015. These changes resulted in an increase of \$75,176 in the Local Option Sales Tax Fund ending balance from fiscal year 2014 to \$499,433 at June 30, 2015.
- Special Revenue, Urban Renewal Fund revenues decreased \$4,359 from the prior year as a result of the changes in levy rates. There were no significant changes in expenditures for the Urban Renewal Fund. The changes resulted in an increase of \$27,166 in the Urban Renewal Fund ending balance from fiscal year 2014 to \$174,621 at June 30, 2015.

- The Capital Projects Fund ended fiscal year 2015 with a fund balance of approximately \$2,845,000 due to the issuance of general obligation capital loan notes of \$3,120,000 in May 2015 for various projects at Lake Icaria Timber Ridge campgrounds.

BUDGETARY HIGHLIGHTS

Over the course of the year, Adams County amended its budget one time. The amendment was made in May 2015 and included increased budgeted disbursements of \$250,015 and \$65,505 in the mental health and county environment and education functions, respectively. The increases were necessary to prevent various departments from over spending budgeted amounts due to unanticipated expenses.

The County’s actual receipts were \$467,713 more than budgeted, a variance of 7.5%. The variance resulted from the County receiving more intergovernmental receipts than anticipated due to various grants received for the repair of real estate books, for body cameras and from the Federal Emergency Management Agency. Adams County also had additional receipts for housing inmates for a nearby county.

Total disbursements were \$437,247 less than budgeted. Actual disbursements for the roads and transportation, public safety and legal services and non-program functions were under budget by \$120,609, \$227,038 and \$275,396, respectively. Actual disbursements for the physical health and social services and the capital projects functions were over budget by \$26,650 and \$241,921, respectively. The variance in the roads and transportation function was a result of projects which cost less than expected. The variance in the public safety and legal services function was the result of lower personnel costs due to unfilled positions. The variance in the capital projects function was due to a delay in the timing of a project.

Even with the budget amendment, the County exceeded the amounts budgeted in the physical health and social services and capital projects functions for the year ended June 30, 2015. Also, disbursements in certain departments exceeded the amounts appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Adams County had approximately \$10.5 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 \$1,043,000, or 11.1%, from last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2015	2014
Land	\$ 50,166	50,166
Intangibles, road network	215,100	215,100
Constuction in progress	1,599,589	796,810
Buildings and improvements	1,338,573	1,365,238
Equipment and vehicles	1,700,217	1,850,502
Infrastructure, road network	5,564,000	5,146,590
Total	\$ 10,467,645	9,424,406
This year's major additions included:		
Capital assets contributed by the		
Iowa Department of Transportation	\$ 1,240,638	
Country Haven sewer project	244,959	
2007 Freightliner truck tractor	41,500	
Total	\$ 1,527,097	

The County had depreciation expense of \$641,546 in fiscal year 2015 and total accumulated depreciation of \$5,956,453 at June 30, 2015. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015, Adams County had \$5,979,953 of revenue bonds, capital loan notes and other debt outstanding, compared to \$3,220,103 at June 30, 2014.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2015	2014
Revenue bonds	\$ 2,851,775	3,211,925
General obligation capital loan notes	3,120,000	-
Installment purchase agreement	8,178	8,178
Total	\$ 5,979,953	3,220,103

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. The County's constitutional debt limit is approximately \$30 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Adams County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Adams County's employment (number of persons working) has increased 2.3% over the past 5 years. Total resident employment in 2015 was 2,210 and total resident employment in 2014 was 2,100. Unemployment in the County decreased from 3.8% in 2014 to 2.8% in 2015. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the fiscal year 2016 operating budget are \$11,641,148, an increase of 57.8% from the final fiscal year 2015 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease from \$2,733,127 to \$1,890,143 by the close of fiscal year 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Adams 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 Adams County Auditor's Office, 500 9th Street, Corning, Iowa 50841.

Adams County

Basic Financial Statements

Adams County
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and pooled investments	\$ 6,286,542
Receivables:	
Property tax:	
Delinquent	3,938
Succeeding year	3,255,000
Succeeding year tax increment financing	362,000
Accounts	16,427
Due from other governments	310,603
Inventories	126,477
Capital assets, net of accumulated depreciation	10,467,645
Total assets	20,828,632
Deferred Outflows of Resources	
Pension related deferred outflows	251,180
Liabilities	
Accounts payable	121,934
Accrued interest payable	15,353
Salaries and benefits payable	8,216
Long-term liabilities:	
Portion due or payable within one year:	
Installment purchase agreement	8,178
Revenue bonds	368,772
General obligation capital loan notes	275,000
Compensated absences	41,385
Portion due or payable after one year:	
Revenue bonds	2,483,003
General obligation capital loan notes	2,845,000
Compensated absences	211,102
Net pension liability	977,127
Net OPEB liability	183,000
Total liabilities	7,538,070
Deferred Inflows of Resources	
Unavailable property tax revenue	3,255,000
Pension related deferred inflows	594,051
Total deferred inflows of resources	3,849,051
Net Position	
Net investment in capital assets	10,192,702
Restricted for:	
Supplemental levy purposes	788,663
Rural services purposes	135,612
Secondary roads purposes	1,219,288
Conservation land acquisition/capital improvements	55,179
Other purposes	221,109
Unrestricted	(3,281,862)
Total net position	\$ 9,330,691

See notes to financial statements.

Adams County

Statement of Activities

Year ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,038,535	386,289	1,962	-	(650,284)
Physical health and social services	238,219	8,888	98,836	-	(130,495)
Mental health	409,346	1,083	146,483	-	(261,780)
County environment and education	720,600	256,486	36,256	-	(427,858)
Roads and transportation	3,249,347	14,442	2,413,756	1,240,638	419,489
Governmental services to residents	258,701	79,565	10,017	-	(169,119)
Administration	669,459	5,672	415	-	(663,372)
Non-program	85,855	67,412	-	-	(18,443)
Debt service	172,232	-	-	-	(172,232)
Total	6,842,294	819,837	2,707,725	1,240,638	(2,074,094)
General Revenues:					
Property and other county tax levied for general purposes					2,476,844
Tax increment financing					373,742
Penalty and interest on property tax					18,229
State tax credits					171,390
Local option sales tax					233,192
Unrestricted investment earnings					17,717
Gain on disposition of capital assets					22,508
Miscellaneous					57,381
Total general revenues					3,371,003
Change in net position					1,296,909
Net position beginning of year, as restated					8,033,782
Net position end of year					\$ 9,330,691

See notes to financial statements.

Adams County
Balance Sheet
Governmental Funds

Year ended June 30, 2015

	General	Special		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,368,072	4,210	132,851	1,105,149
Receivables:				
Property tax:				
Delinquent	3,652	90	25	-
Succeeding year	1,601,000	159,000	812,000	-
Succeeding year tax increment financing	-	-	-	-
Accounts	12,849	-	1,443	2,135
Due from other governments	25,106	19,032	1,325	222,944
Inventories	-	-	-	126,477
Total assets	\$ 3,010,679	182,332	947,644	1,456,705
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 33,354	19,032	32	29,102
Salaries and benefits payable	1,024	-	-	7,192
Total liabilities	34,378	19,032	32	36,294
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,601,000	159,000	812,000	-
Succeeding year tax increment financing	-	-	-	-
Other	8,026	90	1,600	-
Total deferred inflows of resources	1,609,026	159,090	813,600	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	126,477
Restricted for:				
Supplemental levy purposes	788,379	-	-	-
Mental health purposes	-	4,210	-	-
Rural services purposes	-	-	134,012	-
Secondary roads purposes	-	-	-	1,293,934
SIRWA water grid	62,500	-	-	-
Local option sales tax	-	-	-	-
Urban renewal	-	-	-	-
Debt service	-	-	-	-
Conservation land acquisition	55,179	-	-	-
Capital improvements	-	-	-	-
Other purposes	-	-	-	-
Unassigned	461,217	-	-	-
Total fund balances	1,367,275	4,210	134,012	1,420,411
Total liabilities, deferred inflows of resources and fund balances	\$ 3,010,679	182,332	947,644	1,456,705

See notes to financial statements

Revenue				
Local Option Sales Tax	Urban Renewal	Capital Projects	Nonmajor	Total
457,237	174,621	2,885,471	158,931	6,286,542
-	-	-	171	3,938
-	-	-	321,000	2,893,000
-	362,000	-	-	362,000
-	-	-	-	16,427
42,196	-	-	-	310,603
-	-	-	-	126,477
499,433	536,621	2,885,471	480,102	9,998,987
-	-	40,414	-	121,934
-	-	-	-	8,216
-	-	40,414	-	130,150
-	-	-	321,000	2,893,000
-	362,000	-	-	362,000
-	-	-	171	9,887
-	362,000	-	321,171	3,264,887
-	-	-	-	126,477
-	-	-	-	788,379
-	-	-	-	4,210
-	-	-	-	134,012
-	-	-	-	1,293,934
-	-	-	-	62,500
499,433	-	-	-	499,433
-	174,621	-	-	174,621
-	-	-	96,772	96,772
-	-	-	-	55,179
-	-	2,845,057	-	2,845,057
-	-	-	62,159	62,159
-	-	-	-	461,217
499,433	174,621	2,845,057	158,931	6,603,950
499,433	536,621	2,885,471	480,102	9,998,987

Adams County

Adams County
 Reconciliation of the Balance Sheet –
 Governmental Funds to the Statement of Net position
 June 30, 2015

Total governmental fund balances (page 21)		\$ 6,603,950
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$16,424,098 and the accumulated depreciation is \$5,956,453.		10,467,645
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.		9,887
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	\$ 251,180	
Deferred inflows of resources	(594,051)	(342,871)
Long-term liabilities, including the installment purchase agreement, urban renewal tax increment revenue bonds, local option sales tax revenue bonds, general obligation capital loan notes, compensated absences, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(7,407,920)
Net position of governmental activities (page 18)		\$ 9,330,691

See notes to financial statements.

Adams County

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

Year ended June 30, 2015

	General	Mental Health	Rural Services	Special Secondary Roads
Revenues:				
Property and other county tax	\$ 1,584,035	174,863	717,490	-
Interest and penalty on property tax	17,285	-	-	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Intergovernmental	559,993	157,955	41,138	2,388,777
Licenses and permits	1,213	-	2,325	4,197
Charges for service	400,822	-	2,250	-
Use of money and property	88,330	-	-	-
Miscellaneous	13,417	-	1,193	11,050
Total revenues	2,665,095	332,818	764,396	2,404,024
Expenditures:				
Operating:				
Public safety and legal services	996,187	-	9,166	-
Physical health and social services	210,334	-	23,302	-
Mental health	-	413,965	-	-
County environment and education	554,194	-	74,861	-
Roads and transportation	-	-	-	2,818,929
Governmental services to residents	272,797	-	2,085	-
Administration	658,022	-	-	-
Non-program	85,855	-	-	-
Debt service	-	-	-	-
Capital projects	5,000	-	-	38,995
Total expenditures	2,782,389	413,965	109,414	2,857,924
Excess (deficiency) of revenues over (under) expenditures	(117,294)	(81,147)	654,982	(453,900)
Other financing sources (uses):				
Transfers in	-	-	-	751,798
Transfers out	-	-	(751,798)	-
General obligation capital loan notes issued	-	-	-	-
Premium on general obligation capital loan notes issued	-	-	-	-
Total other financing sources (uses)	-	-	(751,798)	751,798
Change in fund balances	(117,294)	(81,147)	(96,816)	297,898
Fund balances beginning of year	1,484,569	85,357	230,828	1,122,513
Fund balances end of year	\$ 1,367,275	4,210	134,012	1,420,411

See notes to financial statements.

Revenue				
Local Option Sales Tax	Urban Renewal	Capital Projects	Nonmajor	Total
-	-	-	-	2,476,388
-	-	-	-	17,285
-	373,742	-	-	373,742
233,192	-	-	-	233,192
25,220	18,262	-	10,907	3,202,252
-	-	-	-	7,735
-	-	-	2,524	405,596
-	1,468	-	5,505	95,303
-	-	-	-	25,660
258,412	393,472	-	18,936	6,837,153
-	-	-	-	1,005,353
-	-	-	-	233,636
-	-	-	-	413,965
76,163	-	-	-	705,218
-	-	-	-	2,818,929
-	-	-	-	274,882
11,950	-	-	2,393	672,365
-	-	-	-	85,855
-	366,306	56,100	94,623	517,029
500	-	273,342	-	317,837
88,613	366,306	329,442	97,016	7,045,069
169,799	27,166	(329,442)	(78,080)	(207,916)
-	-	-	94,623	846,421
(94,623)	-	-	-	(846,421)
-	-	3,120,000	-	3,120,000
-	-	54,499	-	54,499
(94,623)	-	3,174,499	94,623	3,174,499
75,176	27,166	2,845,057	16,543	2,966,583
424,257	147,455	-	142,388	3,637,367
499,433	174,621	2,845,057	158,931	6,603,950

Adams 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) \$ 2,966,583

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	\$ 421,639	
Capital assets contributed by the Iowa Department of Transportation	1,240,638	
Depreciation expense	<u>(641,546)</u>	1,020,731

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. 22,508

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	456	
Other	<u>(16,051)</u>	(15,595)

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

Issued	(3,120,000)	
Repaid	<u>360,150</u>	(2,759,850)

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. 193,197

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	(3,338)	
Other postemployment benefits	(34,000)	
Pension expense	(77,974)	
Interest on long-term debt	<u>(15,353)</u>	<u>(130,665)</u>

Change in net position of governmental activities (page 19) \$ 1,296,909

See notes to financial statements.

Adams County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets

Cash and pooled investments:	
County Treasurer	\$ 564,902
Other County officials	7,082
Receivables:	
Property tax:	
Delinquent	4,976
Succeeding year	5,160,000
Accrued interest	96
Special assessments	164
Due from other governments	445
Total assets	5,737,665

Liabilities

Accounts payable	4,273
Due to other governments	5,712,005
Trusts payable	3,689
Compensated absences	17,698
Total liabilities	5,737,665

Net position	\$ -
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See notes to financial statements.

Adams County

Adams County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Adams 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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: Adams County Assessor's Conference Board, Adams County Emergency Management Commission and the South Central Iowa Regional 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: Creston Cluster Decat Program, Adams and Taylor Counties Regional Service Agency, Southern Hills Regional Mental Health Region, South Iowa Area Detention Service Agency and Adams, Taylor and Union County Medicaid Case Management Board.

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. 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 the revenues from the tax authorized by referendum and used to make payments on the local option sales tax revenue bonds, with any remaining revenues used for any lawful purpose determined by the Board of Supervisors.

The Urban Renewal Fund receives revenues from a tax authorized by ordinance in the urban renewal district for repayment of tax increment financing indebtedness.

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

Additionally, the County reports the following funds:

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, they are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost 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 and buildings	\$ 50,000
Land	10,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and infrastructure	20 - 100
Intangibles	5 - 20
Equipment and vehicles	3 - 30

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is paid at 50%, not to exceed 360 hours, upon retirement or death. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the 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, Secondary Roads Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column 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 periods(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 represent the amount of assets that have been recognized but the related revenue has not been recognized since the

assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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

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. Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the mental health and capital projects functions before the budget amendment was adopted on May 26, 2015.

In addition, disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the physical health and social services and capital projects functions. Also, disbursements in certain departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

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

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Rural Services	Secondary Roads	\$ 751,798
Aquatic Center Sinking	Local Option Sales Tax	94,623
Total		<u>\$ 846,421</u>

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

(4) Capital Assets

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

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 50,166	-	-	50,166
Construction in progress, road network	796,810	1,269,164	(739,726)	1,326,248
Intangibles, road network	215,100	-	-	215,100
Construction in progress	-	273,341	-	273,341
Total capital assets not being depreciated	<u>1,062,076</u>	<u>1,542,505</u>	<u>(739,726)</u>	<u>1,864,855</u>
Capital assets being depreciated:				
Buildings	2,909,328	48,000	-	2,957,328
Equipment and vehicles	3,819,180	110,272	(70,600)	3,858,852
Infrastructure, road network	7,003,337	739,726	-	7,743,063
Total capital assets being depreciated	<u>13,731,845</u>	<u>897,998</u>	<u>(70,600)</u>	<u>14,559,243</u>
Less accumulated depreciation for:				
Buildings	1,544,090	74,665	-	1,618,755
Equipment and vehicles	1,968,678	244,565	(54,608)	2,158,635
Infrastructure, road network	1,856,747	322,316	-	2,179,063
Total accumulated depreciation	<u>5,369,515</u>	<u>641,546</u>	<u>(54,608)</u>	<u>5,956,453</u>
Total capital assets being depreciated, net	<u>8,362,330</u>	<u>256,452</u>	<u>(15,992)</u>	<u>8,602,790</u>
Governmental activities capital assets, net	<u>\$ 9,424,406</u>	<u>1,798,957</u>	<u>(755,718)</u>	<u>10,467,645</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 76,766
Physical health and social services	5,972
County environment and education	81,942
Roads and transportation	469,663
Administration	7,202
Total depreciation expense - governmental activities	<u>\$ 641,546</u>

(5) 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	\$ 1,024
Special Revenue:		
Secondary Roads	Services	7,192
Total for governmental funds		<u>\$ 8,216</u>
Agency:		
Agricultural Extension Education	Collections	\$ 83,731
County Assessor		302,362
Schools		4,022,437
Community Colleges		222,273
Corporations		658,286
Townships		140,585
Auto License and Use Tax		121,275
All other		161,056
Total for agency funds		<u>\$ 5,712,005</u>

(6) Long-Term Liabilities

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

	Installment Purchase Agreement	Urban Renewal Tax Increment Revenue Bonds	Local Option Sales Tax Revenue Bonds	General Obligation Capital Loan Notes	Compen- sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	\$ 8,178	2,526,925	685,000	-	249,150	1,642,714	149,000	5,260,967
Increases	-	-	-	3,120,000	301,911	-	41,000	3,462,911
Decreases	-	295,150	65,000	-	298,574	665,587	7,000	1,331,311
Balance end of year	<u>\$ 8,178</u>	<u>2,231,775</u>	<u>620,000</u>	<u>3,120,000</u>	<u>252,487</u>	<u>977,127</u>	<u>183,000</u>	<u>7,392,567</u>
Due within one year	\$ 8,178	303,772	65,000	275,000	41,385	-	-	693,335

Installment Purchase Agreement

The County has entered into a no interest installment purchase agreement to purchase voting equipment.

A summary of the installment purchase agreement is as follows:

Year Ending June 30,	Amount
2016	\$ 8,178

Urban Renewal Tax Increment Revenue Bonds

The County sold \$2,400,000 and \$1,660,000 of urban renewal tax increment (TIF) revenue bonds dated January 26, 2007 and February 13, 2007, respectively. The bonds bear interest at 2.9% per annum with final maturity on December 1, 2021. On June 1, 2016 and June 1, 2021, the interest rate on the bonds shall be adjusted to a rate 130 basis points higher than the five year U.S. Treasury rate as published in the Wall Street Journal. Principal and interest on the bonds shall be payable in semiannual payments of \$108,268 and \$74,885, respectively, on June 1 and December 1 beginning December 1, 2009 and continuing through a final payment of all remaining principal and interest on December 1, 2021.

The County reserves the right to call and prepay any principal amount of these bonds at any time upon the County giving notice by registered or certified mail to the purchaser or other registered holder not less than thirty days prior to the date set for prepayment.

The County has covenanted it will call and prepay any principal amounts of these bonds on June 1 of each year in an amount equal to the balance of funds remaining in the Special Revenue, Urban Renewal Fund after the then current June 1 payments of principal and interest have been made. In December 2015, the County prepaid \$150,000 of principal to comply with the covenant.

Formal repayment schedules have been established for the urban renewal tax increment revenue bonds. However, these are subject to change depending on the County's right to prepay the bonds at any time and the adjustable interest rate.

Details of the County's June 30, 2015 urban renewal tax increment revenue bond indebtedness are as follows:

Year Ending June 30,	Series 2006			Series 2007			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	2.90%	\$ 178,254	38,282	2.90%	\$ 125,518	24,253	303,772	62,535	366,307
2017	2.90	183,461	33,075	2.90	129,184	20,587	312,645	53,662	366,307
2018	2.90	188,820	27,717	2.90	132,957	16,813	321,777	44,530	366,307
2019	2.90	194,335	22,201	2.90	136,841	12,929	331,176	35,130	366,306
2020	2.90	200,012	16,524	2.90	140,838	8,932	340,850	25,456	366,306
2021-2022	2.90	419,427	15,350	2.90	202,128	5,648	621,555	20,998	642,553
Total		<u>\$ 1,364,309</u>	<u>153,149</u>		<u>\$ 867,466</u>	<u>89,162</u>	<u>2,231,775</u>	<u>242,311</u>	<u>2,474,086</u>

The urban renewal tax increment revenue bonds were issued for the purpose of paying costs of an urban renewal project to improve certain county roads, provide an economic development grant to Pinnacle Ethanol, LLC and Corning Municipal Utilities and pay capitalized interest and costs of issuance of the bonds. The bonds are payable solely from the income and proceeds of the urban renewal project in accordance with Chapter 403.19 of Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the bonds shall be expended only for purposes consistent with the plans of the County's urban renewal area. The total principal and interest remaining on the bonds is \$2,474,086, payable through fiscal year 2022. For the current year, principal and interest paid and tax increment receipts were \$366,306 and \$373,742, respectively. The bonds are not a general obligation of the County, but the debt is subject to the constitutional debt limitation of the County. The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will only be redeemed from the urban renewal tax increment revenue received by the County. The County accounts for this activity within the Special Revenue, Urban Renewal Fund.
- (b) The first \$1,500,000 of bond proceeds shall be used to fully fund the water grant for the City of Corning. The next \$520,000 of bond proceeds shall be used by the County to pay the costs of highway improvements. Next, sufficient bond proceeds shall be set aside to pay the costs of issuance of the bonds and to make provision for the payment of interest on the bonds through December 1, 2009. Finally, any remaining bond proceeds shall be used to fund an initial installment of the Pinnacle Ethanol, LLC grant.

During the year ended June 30, 2015, the County was in compliance with the revenue bond provisions.

Local Option Sales Tax Revenue Bonds

The County issued local option sales tax revenue bonds for a joint project with the City of Corning under a 28E agreement. The County has pledged future local option sales tax receipts to repay \$1,025,000 of local option sales tax revenue bonds, Series 2008 issued in July 2008. Proceeds from the bonds provided financing for an Aquatic Center in Corning to be operated by the City of Corning under a 28E Joint Operation Agreement. The bonds are payable solely from the proceeds of the local option sales tax received by the County and \$25,220 per year to be received from the City of Corning in accordance with the 28E Joint Operation Agreement and Chapters 423B.9(3) and 384.83 of the Code of Iowa and are payable through 2023. Total principal and interest remaining to be paid on the bonds is \$749,653. For the current year, principal and interest paid and total collections were \$94,623 and \$233,192, respectively.

Under the 28E agreement, the City of Corning agreed to remit \$25,220 to the County on or before May 1, 2009 and on or before May 1 of each year until and including May 1, 2023. The City of Corning acknowledges if the revenues received by the City for its local option sales tax are not sufficient to pay the obligated portion under this agreement in one or more of the years outlined above, the City agrees interest on the unpaid amount shall accrue at the rate of 4.26% per annum until paid and all such shortfalls shall become due on the final maturity date of the County's local option sales tax revenue bonds.

Details of County's June 30, 2015 local option sales tax revenue bonds is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	4.10%	\$ 65,000	27,055	92,055
2017	4.20	70,000	24,390	94,390
2018	4.25	75,000	21,450	96,450
2019	4.35	75,000	18,263	93,263
2020	4.45	80,000	15,000	95,000
2021-2023	4.45-4.55	255,000	23,495	278,495
Total		\$ 620,000	129,653	749,653

The resolution providing for the issuance of the local option sales tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future local option sales tax revenue received by the County and the bond holders hold a lien on the future revenues received.
- (b) A local option sales tax revenue bond sinking account shall be established and sufficient monthly deposits shall be made to the sinking account for the purpose of making bond principal and interest payments when due.
- (c) A local option sales tax revenue bond reserve account shall be established and monthly deposits to the reserve account equal to 25% of the amount required to be deposited into the sinking account shall be made until \$96,450 has been accumulated. This account is restricted for the purpose of correcting any deficiencies in the sinking account.

During the year ended June 30, 2015, the County was in compliance with the revenue bond provisions.

General Obligation Capital Loan Notes

The County sold \$3,120,000 of general obligation capital loan notes dated May 20, 2015. The notes bear interest between 1.75% and 2.50% per annum with final maturity on June 1, 2026. Semiannual interest payments are due on June 1 and December 1 each year beginning December 1, 2015 and annual principal payments are due on June 1 each year beginning June 1, 2016.

The loan proceeds are to be used for constructing and equipping improvements to the Lake Icaria Timber Ridge campground to be managed by the County Conservation Board and the expansion of the County Haven sewer system.

Details of the County's June 30, 2015 general obligation capital loan notes is as follows:

Year				
Ending	Interest			
June 30,	Rates	Principal	Interest	Total
2016	2.00%	\$ 275,000	66,734	341,734
2017	2.00	260,000	59,255	319,255
2018	2.00	265,000	54,053	319,053
2019	2.00	270,000	48,755	318,755
2020	2.00	275,000	43,355	318,355
2021-2025	1.75-2.50	1,465,000	143,190	1,608,190
2026	2.50	310,000	7,750	317,750
Total		\$3,120,000	423,092	3,543,092

(7) 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.)

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

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

The County's contributions to IPERS for the year ended June 30, 2015 were \$193,197.

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 \$977,127 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 0.024638%, which was a decrease of 0.003972% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$77,974. 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	\$ 11,375	16,397
Changes of assumptions	46,189	554,974
Net difference between projected and actual earnings on pension plan investments	-	13,574
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	419	9,106
County contributions subsequent to the measurement date	193,197	-
Total	\$ 251,180	594,051

\$193,197 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (134,326)
2017	(134,326)
2018	(134,326)
2019	(134,326)
2020	1,236
Total	\$ (536,068)

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability:	\$ 2,241,243	\$ 977,127	\$ (88,833)

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 \$18,272 for legally required County contributions and \$12,947 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical benefits for employees, retirees and their spouses. There are 51 active and no retired members in the plan. Retired participants must be age 55 or age 50 with 22 years of service at retirement.

The medical benefits are provided through a fully-insured plan with 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	\$ 44,000
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	<u>(6,000)</u>
Annual OPEB cost	41,000
Contributions made	<u>(7,000)</u>
Increase in net OPEB obligation	34,000
Net OPEB obligation beginning of year	149,000
Net OPEB obligation end of year	<u>\$ 183,000</u>

For the year ended June 30, 2015, the County contributed \$7,000 to the medical plan and there were no contributions from plan members eligible for benefits.

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	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 44,000	15.9%	\$ 112,000
2014	44,000	15.9	149,000
2015	41,000	17.1	183,000

Funded Status and Funding Progress – As of June 30, 2015, the actuarial accrued liability was \$246,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$246,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,096,000 and the ratio of the UAAL to covered payroll was 11.7%. As of June 30, 2015, there were no trust fund assets.

The projection of future benefit payments for an ongoing plan involves 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the plan as understood by the County 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 County and plan members to that point. The 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, 2012 valuation date, a simplified version of the unit credit actuarial cost method was used. The 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. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, projected to 2010 using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$1,125 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) 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 from 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 or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, 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 \$127,829.

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

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$50,000, 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.

(10) Industrial Development Revenue Bonds

The County has issued a total of \$1,895,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$590,000 is outstanding at June 30, 2015. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

(11) Southern Iowa Rural Water Association (SIRWA) Agreement

On May 23, 2005, the County entered into a 28E agreement with SIRWA and nine other counties to provide joint financing of certain water development facilities at Gooseberry Lake to enable SIRWA to withdraw water sufficient to supply treated water to portions of SIRWA's rural water distribution system. Pursuant to the agreement, SIRWA planned to obtain a loan for \$500,000 to cover the initial costs. Liability for repayment of the loan was to be borne by the respective parties (counties) to the agreement. The County's share of the debt is 12.5%, or \$62,500. Each participant was required to establish a SIRWA Grid Sinking and Reserve Fund, into which sufficient funds to pay the principal and interest on the loan were to be deposited from the County's General Fund. During the year ended June 30, 2010, the County was informed the project would not proceed and the 28E agreement with SIRWA would be dissolved. The County is waiting for the final dissolution of the 28E agreement and formal termination of the project and will then reassign the balance of the funds set aside within the General Fund.

(12) Loan Guarantee Agreement

Cooperative corporations identified in the agreement made loans to the Corning Open House Cultural Center, an Iowa non-profit corporation, in aggregate not to exceed \$400,000 to be repayable over five years at 2% interest per annum for use in renovating the historic opera house in Corning.

Chapter 15A of the Code of Iowa authorizes counties to provide financial assistance, including guarantees for economic development as may be necessary. On April 11, 2011, the County agreed to guarantee repayment of \$400,000 of the aggregate Cooperative loan amount. In the event the Corning Open House Cultural Center is unable to make a payment, the County will be required to make the payment.

(13) Jointly Governed Organization

The County participates in the Adams, Taylor and Union County Medicaid Case Management Board, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2015:

Additions:		
Federal grants and entitlements:		
Medicaid case management		\$ 193,369
Deductions:		
Direct administration:		
Salaries	\$ 154,212	
Benefits	47,542	
Case management:		
Rent	1,436	
Office supplies	2,496	
Telephone	1,958	
Travel and training	7,629	
Administrative	232	
Equipment	6,261	221,766
Net		(28,397)
Balance beginning of year		161,731
Balance end of year		<u>\$ 133,334</u>

(14) Adams County Financial Information Included in the Southern Hills Regional Mental Health Region

Southern Hills Regional Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 1, 2014, includes the following member counties: Adair, Adams, Taylor and Union. The financial activity of Adams County's Special Revenue, Mental Health Fund is included in the Southern Hills Regional Mental Health Region for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		\$ 174,863
Intergovernmental:		
State tax credits	\$ 10,732	
Payments from regional fiscal agent	66,664	
Social services block grant	79,819	
Other	740	157,955
Total revenues		<u>332,818</u>
Expenditures:		
Services to persons with:		
Mental illness	6,862	
Intellectual disabilities	44,821	51,683
General administration:		
Distribution to regional fiscal agent		362,282
Total expenditures		<u>413,965</u>
Excess of expenditures over revenues		(81,147)
Fund balance beginning of year		<u>85,357</u>
Fund balance end of year		<u>\$ 4,210</u>

(15) Ambulance Agreement

Beginning December 1988, the County entered into an agreement with Mercy Hospital (now known as Alegent Health Mercy Hospital) of Corning, Iowa to manage the operations of the Ambulance Rescue. The County annually compensates Alegent Health Mercy Hospital a negotiated amount for these operations, which was \$40,000 for the year ended June 30, 2015. Under the agreement, the County owns the equipment necessary for the Ambulance Rescue operations. In the event the agreement is terminated, any remaining funds held by Alegent Health Mercy Hospital in the Ambulance cash account are to be returned to the County. At June 30, 2015, the balance of the account held by Alegent Health Mercy Hospital is \$324,892.

(16) Accounting Change/Restatement

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

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 9,469,002
Net pension liability at June 30, 2014	(1,642,714)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>207,494</u>
Net position July 1, 2014, as restated	<u><u>\$ 8,033,782</u></u>

Required Supplementary Information

Adams County

Adams 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	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 3,075,157	3,072,406	3,076,006	(849)
Interest and penalty on property tax	17,298	5,100	5,100	12,198
Intergovernmental	3,046,511	2,563,744	2,587,537	458,974
Licenses and permits	5,428	10,250	10,250	(4,822)
Charges for service	409,351	423,606	414,556	(5,205)
Use of money and property	89,947	97,405	94,355	(4,408)
Miscellaneous	29,270	17,445	17,445	11,825
Total receipts	6,672,962	6,189,956	6,205,249	467,713
Disbursements:				
Public safety and legal services	1,014,760	1,241,798	1,241,798	227,038
Physical health and social services	258,704	232,054	232,054	(26,650)
Mental health	434,927	184,912	434,927	-
County environment and education	817,853	754,125	819,630	1,777
Roads and transportation	2,959,391	3,080,000	3,080,000	120,609
Governmental services to residents	277,308	300,043	300,043	22,735
Administration	671,556	729,818	729,818	58,262
Non-program	84,603	360,000	360,000	275,397
Debt service	460,930	460,930	460,930	-
Capital projects	277,421	35,500	35,500	(241,921)
Total disbursements	7,257,453	7,379,180	7,694,700	437,247
Excess (deficiency) of receipts over (under) disbursements	(584,491)	(1,189,224)	(1,489,451)	904,960
Other financing sources, net	3,118,399	-	-	3,118,399
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,533,908	(1,189,224)	(1,489,451)	4,023,359
Balance beginning of year	3,752,634	2,971,347	2,971,347	781,287
Balance end of year	\$ 6,286,542	1,782,123	1,481,896	4,804,646

See accompanying independent auditor's report.

Adams 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	\$ 6,672,962	164,191	6,837,153
Expenditures	7,257,453	(212,384)	7,045,069
Net	(584,491)	376,575	(207,916)
Other financing sources, net	3,118,399	56,100	3,174,499
Beginning fund balances	3,752,634	(115,267)	3,637,367
Ending fund balances	\$ 6,286,542	317,408	6,603,950

See accompanying independent auditor's report.

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budget disbursements by \$315,520. The budget amendment is reflected in the fiscal 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 and for Emergency Management Services by the County Emergency Management Commission.

Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the mental health and the capital projects functions before the budget amendment was adopted on May 26, 2015.

In addition, disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the physical health and social services and the capital projects functions. Also, disbursements in certain departments exceeded the amounts appropriated.

Adams County

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

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

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.024638%
County's collective proportionate share of the net pension liability (asset)	\$ 977
County's covered-employee payroll	\$ 2,152
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.40%
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.

Adams County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 193	207	198	181
Contributions in relation to the statutorily required contribution	<u>(193)</u>	<u>(207)</u>	<u>(198)</u>	<u>(181)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 2,096	2,152	2,232	2,185
Contributions as a percentage of covered-employee payroll	9.21%	9.62%	8.87%	8.28%

See accompanying independent auditor's report.

GASB Statement No. 68 requires ten years of information be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
155	143	129	115	106
<u>(155)</u>	<u>(143)</u>	<u>(129)</u>	<u>(115)</u>	<u>(106)</u>
-	-	-	-	-
2,094	2,033	1,971	1,869	1,787
7.40%	7.03%	6.54%	6.15%	5.93%

Adams County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

Adams 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)
2011	July 1, 2009	-	\$ 243	245	0.0%	\$ 1,960	12.4%
2012	July 1, 2009	-	243	243	0.0	2,000	12.2
2013	July 1, 2012	-	246	246	0.0	1,600	15.4
2014	July 1, 2012	-	246	246	0.0	2,100	11.7
2015	July 1, 2012	-	246	246	0.0	2,096	11.7

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Adams County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2015

	County Recorder's Records Management	Special Resource Enhancement and Protection
Assets		
Cash and pooled investments	\$ 3,263	39,839
Receivables:		
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Total assets	\$ 3,263	39,839
Deferred Inflows of Resources and Fund Balances		
Deferred inflows of resources:		
Unavailable resources:		
Succeeding year property tax	\$ -	-
Other	-	-
Total deferred inflows of resources	-	-
Fund balances:		
Restricted for:		
Debt service	-	-
Other purposes	3,263	39,839
Total fund balances	3,263	39,839
Total deferred inflows of resources and fund balances	\$ 3,263	39,839

See accompanying independent auditor's report.

Revenue			
Law Enforcement Forfeiture	Aquatic Center Reserve	Debt Service	Total
19,057	96,450	322	158,931
-	-	171	171
-	-	321,000	321,000
19,057	96,450	321,493	480,102
-	-	321,000	321,000
-	-	171	171
-	-	321,171	321,171
-	96,450	322	96,772
19,057	-	-	62,159
19,057	96,450	322	158,931
19,057	96,450	321,493	480,102

Adams County

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

Year ended June 30, 2015

	County Recorder's Records Management	Resource Enhancement and Protection	Special Law Enforcement Forfeiture
Revenues:			
Intergovernmental	\$ -	10,907	-
Charges for service	1,055	-	1,469
Use of money and property	13	129	5,363
Total revenues	1,068	11,036	6,832
Expenditures:			
Operating:			
Administration	2,393	-	-
Debt service	-	-	-
Total expenditures	2,393	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,325)	11,036	6,832
Other financing sources:			
Transfers in	-	-	-
Change in fund balances	(1,325)	11,036	6,832
Fund balances beginning of year	4,588	28,803	12,225
Fund balances end of year	\$ 3,263	39,839	19,057

See accompanying independent auditor's report.

Revenue				
Aquatic Center Reserve	Aquatic Center Sinking	Debt Service		Total
-	-	-		10,907
-	-	-		2,524
-	-	-		5,505
-	-	-		18,936
-	-	-		2,393
-	94,623	-		94,623
-	94,623	-		97,016
-	(94,623)	-		(78,080)
-	94,623	-		94,623
-	-	-		16,543
96,450	-	322		142,388
96,450	-	322		158,931

Adams County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,685	192,013	56,129
Other County officials	7,082	-	-	-
Receivables:				
Property tax:				
Delinquent	-	46	65	2,308
Succeeding year	-	82,000	116,000	3,964,000
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 7,082	83,731	308,078	4,022,437
Liabilities				
Accounts payable	\$ -	-	636	-
Due to other governments	3,393	83,731	302,362	4,022,437
Trusts payable	3,689	-	-	-
Compensated absences	-	-	5,080	-
Total liabilities	\$ 7,082	83,731	308,078	4,022,437

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
3,150	16,857	1,580	121,275	172,213	564,902
-	-	-	-	-	7,082
123	2,429	5	-	-	4,976
219,000	639,000	139,000	-	1,000	5,160,000
-	-	-	-	96	96
-	-	-	-	164	164
-	-	-	-	445	445
222,273	658,286	140,585	121,275	173,918	5,737,665
-	-	-	-	3,637	4,273
222,273	658,286	140,585	121,275	157,663	5,712,005
-	-	-	-	-	3,689
-	-	-	-	12,618	17,698
222,273	658,286	140,585	121,275	173,918	5,737,665

Adams County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

Assets and Liabilities	County	Agricultural	County	
	Offices	Extension Education	Assessor	Schools
Balances beginning of year	\$ 5,517	82,723	370,546	3,888,030
Additions:				
Property and other county tax	-	82,245	117,037	3,984,903
State tax credits	-	5,329	8,531	256,074
Office fees and collections	96,217	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	10,769	-	-	-
Miscellaneous	-	-	28,817	-
Total additions	106,986	87,574	154,385	4,240,977
Deductions:				
Agency remittances:				
To other funds	33,215	-	-	-
To other governments	62,975	86,566	216,853	4,106,570
Trusts paid out	9,231	-	-	-
Total deductions	105,421	86,566	216,853	4,106,570
Balances end of year	\$ 7,082	83,731	308,078	4,022,437

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Other	Total
217,250	650,208	127,764	113,184	200,040	5,655,262
220,753	581,267	142,002	-	892	5,129,099
14,147	94,528	6,719	-	59	385,387
-	-	-	-	-	96,217
-	-	-	1,481,777	-	1,481,777
-	-	-	-	8,020	8,020
-	-	-	-	45,504	56,273
-	-	-	-	253,642	282,459
234,900	675,795	148,721	1,481,777	308,117	7,439,232
-	-	-	53,815	-	87,030
229,877	667,717	135,900	1,419,871	334,239	7,260,568
-	-	-	-	-	9,231
229,877	667,717	135,900	1,473,686	334,239	7,356,829
222,273	658,286	140,585	121,275	173,918	5,737,665

Adams County

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

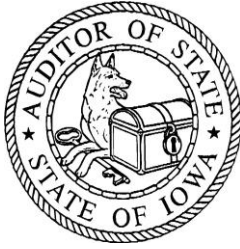
For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 2,476,388	2,392,059	2,625,777	2,579,811
Interest and penalty on property tax	17,285	17,096	17,379	16,261
Tax increment financing	373,742	397,196	446,775	452,223
Local option sales tax	233,192	202,547	224,368	166,691
Intergovernmental	3,202,252	2,806,121	2,954,525	3,071,193
Licenses and permits	7,735	5,640	16,486	25,738
Charges for service	405,596	363,221	344,600	439,858
Use of money and property	95,303	90,557	99,952	110,519
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	25,660	101,142	94,483	123,986
Total	\$ 6,837,153	6,375,579	6,824,345	6,986,280
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,005,353	1,035,040	1,011,089	1,052,672
Physical health and social services	233,636	255,978	269,069	287,071
Mental health	413,965	122,310	307,966	632,781
County environment and education	705,218	834,689	569,463	678,705
Roads and transportation	2,818,929	2,518,062	2,710,813	2,866,744
Governmental services to residents	274,882	221,158	293,350	195,821
Administration	672,365	740,065	710,976	672,123
Non-program	85,855	21,201	34,409	55,617
Debt service	517,029	458,150	460,279	912,350
Capital projects	317,837	61,580	17,267	2,010
Total	\$ 7,045,069	6,268,233	6,384,681	7,355,894

See accompanying independent auditor's report.

Modified Accrual Basis						
2011	2010	2009	2008	2007	2006	
2,514,840	2,515,367	2,412,765	2,090,860	2,062,165	2,053,657	
17,243	18,014	16,566	15,775	14,384	17,280	
448,251	461,773	339,266	-	-	-	
261,149	234,602	219,315	191,044	-	-	
3,002,653	3,247,422	3,073,040	3,091,894	3,191,112	2,612,916	
13,491	8,935	7,276	7,180	10,908	8,660	
335,492	313,756	278,870	253,996	219,145	191,979	
135,184	128,962	140,169	153,311	135,439	115,635	
-	-	-	-	-	-	
39,899	143,101	32,199	81,452	50,305	48,398	
6,768,202	7,071,932	6,519,466	5,885,512	5,683,458	5,048,525	
898,524	949,665	863,689	681,100	623,560	592,057	
274,202	247,163	242,874	375,854	496,977	394,624	
692,087	504,319	493,423	443,164	460,376	398,081	
603,572	556,799	606,455	662,943	3,495,776	494,101	
2,694,208	2,702,888	2,577,439	2,697,078	2,297,659	2,411,389	
202,132	193,933	187,630	173,382	183,702	313,379	
648,868	699,223	566,751	570,795	552,669	554,420	
13,337	14,870	21,918	20,809	16,748	19,117	
516,887	521,316	393,155	318,410	152,250	74,902	
450	19,015	1,001,776	282,631	858,591	-	
6,544,267	6,409,191	6,955,110	6,226,166	9,138,308	5,252,070	

Adams County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Officials of Adams 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 Adams 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 29, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams 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 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.


Adams County's Responses to the Findings


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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Adams County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 29, 2016

Adams 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 two individuals in the offices identified may have control over the following areas for which no compensating controls exist:
- (1) County Treasurer – The duties of opening and listing mail receipts, collecting, depositing, posting, daily reconciling, maintaining the detailed accounts receivable listing and being custodian of the change fund and investments are not segregated. Bank accounts are not reconciled monthly by an individual who does not handle cash and the reconciliations are not reviewed periodically by an independent person for propriety. A list of checks received in the mail is not periodically completed and compared with recorded receipts. In addition, there is no independent review of voided receipts.
 - (2) County Recorder – The duties of opening and listing mail receipts, collecting, depositing, posting and daily reconciling are not segregated. Bank accounts are not reconciled monthly by an individual who does not handle cash and the reconciliations are not reviewed periodically by an independent person for propriety. A list of receipts received in the mail is not prepared by the person opening the mail. Also, the person who signs checks is not independent of the person approving disbursements, handling cash, recording cash receipts and preparing checks.
 - (3) County Sheriff – The duties of collecting, depositing, posting and daily reconciling are not segregated. Also, the person who signs checks is not independent of the person approving disbursements, handling cash, recording cash receipts and preparing checks.
 - (4) Conservation – The duties of collecting, depositing, posting and daily reconciling are not segregated.

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

Response – Each of the above departments will review their office procedures and attempt to comply.

Conclusion – Response accepted.

Adams County

Schedule of Findings

Year ended June 30, 2015

- (B) Financial Reporting – During the audit, we identified material amounts of payables and capital assets not recorded in the County’s financial statements or recorded in the wrong fiscal year. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all payables and capital assets are identified and properly included in the County’s financial statements.

Response – We will continue to improve on our procedures and double check for errors.

Conclusion – Response accepted.

- (C) Capital Assets Inventory – The capital assets listing was not reviewed periodically by an independent person to verify whether assets on the listing existed or all assets were included on the capital assets listing.

Recommendation – A person who does not have responsibility for capital assets or maintenance of the capital assets listing should periodically verify assets on the listing to ensure the capital assets exist and all capital assets are included on the listing.

Response – We will continue to work toward being compliant. The Board will start reviewing the capital assets list to make sure assets are accounted for.

Conclusion – Response accepted.

- (D) County Sheriff – During the fiscal year, monthly book to bank reconciliations including a list of outstanding checks and deposits in transit, were not prepared. Although the County prepares a monthly trust list, the list was not reconciled to the bank balance or book balance.

In addition, an initial listing of receipts is not prepared, checks received are not restrictively endorsed at the time of receipt and receipts are not deposited timely.

Recommendation – To improve financial accountability and control, a monthly reconciliation of the book and bank balances should be prepared and retained. Any variances should be investigated and resolved timely. A listing of outstanding checks and deposits in transit should be prepared and retained monthly. Also, the book balance should be reconciled to a trust list on hand at the end of each month. An independent review of the reconciliation should be performed periodically and should be documented by the signature or initials of the reviewer and the date of review.

In addition, an initial listing of receipts should be prepared and reconciled to the bank deposit and the accounting records by an independent person and the review should be documented. The receipts should be deposited in a timely manner and checks should be restrictively endorsed immediately upon receipt.

Adams County

Schedule of Findings

Year ended June 30, 2015

Response – We will perform monthly bank reconciliation, including a list of outstanding checks and deposits in transits and ensure it reconciles to the book balance and the trust list. Those performing the reconciliations will sign and date. However, with limited staff, it is hard to segregate duties. We will try to have items double checked and reviewed, including documenting those reviews by others with initials and dates. Deposits will be done in a timelier manner, more than once a month. An initial listing will be created on a daily basis and reconciled to the accounting records, evidenced and documented by the reviewer. Additional restrictive endorsement stamps have been purchased and checks will be restrictively endorsed immediately upon receipt.

Conclusion – Response accepted.

- (E) Compensated Absences – Compensatory time, including vacation and sick leave, are not maintained in the County Auditor’s payroll records for all departments.

Recommendation – All payroll records should be maintained on a consistent and uniform basis to document potential liabilities of the County.

Responses – We have already taken the necessary steps to become compliant and have all departments’ leave time maintained in the County Auditor’s office.

Conclusions – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Adams County

Schedule of Findings

Year ended June 30, 2015

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 and capital projects functions before the budget amendment was adopted on May 26, 2015.

In addition, disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the physical health and social services and capital projects functions. Also, disbursements in certain departments exceeded the amounts appropriated.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Also, Chapter 331.434(6) of the Code of Iowa requires the Board of Supervisors to appropriate, by resolution, amounts deemed necessary for each of the different county offices and departments for the fiscal year.

Response – We accept the recommendation and will work toward compliance.

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 – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Doug Birt, Board of Supervisors, Part Owner of Graphic Ideas	Printing and supplies	\$ 888
Michael Laughlin, Sheriff’s Deputy, Owner of Storage Garage	Storage for Sheriff’s Office	360

The transactions with Doug Birt and Michael Laughlin do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since total transactions with each individual were less than \$1,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of 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.

Adams County

Schedule of Findings

Year ended June 30, 2015

- (7) Deposits and Pooled Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.


- (10) Revenue Bonds – No instances of non-compliance with the urban renewal tax increment and local option sales tax revenue bond provisions were noted.
- (11) Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Adams County

Staff

This audit was performed by:

Timothy D. Houlette, CPA, Manager
Jesse J. Probasco, CPA, Staff Auditor
Ramona E.F. Daly, Staff Auditor
Kyle C. Smith, CPA, Staff Auditor
Carolina M. Chaves, Assistant Auditor


Andrew E. Nielsen, CPA
Deputy Auditor of State