

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

May 12, 2016

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

The County had local tax revenue of \$39,446,366 for the year ended June 30, 2015, which included \$1,829,007 in tax credits from the state. The County forwarded \$31,411,309 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,035,057 of the local tax revenue to finance County operations, a less than 1% decrease from the prior year. Other revenues included charges for service of \$5,378,726, operating grants, contributions and restricted interest of \$3,633,281, capital grants, contributions and restricted interest of \$1,452,304, tax increment financing of \$187,270, local option sales tax of \$988,562, unrestricted investment earnings of \$94,982 and other general revenues of \$301,696.

Expenses for County operations for the year ended June 30, 2015 totaled \$18,078,838, a less than 1% decrease from the prior year. Expenses included \$6,554,769 for roads and transportation, \$3,267,092 for public safety and legal services and \$1,827,039 for administration.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0008-B00F>.

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

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Boone County

Officials

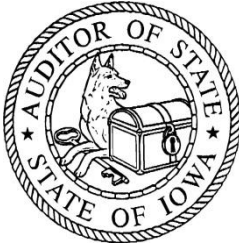
(Before January 2015)

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

(After January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Foster	Board of Supervisors	Jan 2017
Chet Hollingshead	Board of Supervisors	Jan 2017
Steve Duffy	Board of Supervisors	Jan 2019
Philippe Meier	County Auditor	Jan 2017
Darcy Bosch	County Treasurer	Jan 2019
Veronica Rardin	County Recorder	Jan 2019
Greg Elsberry	County Sheriff	Jan 2017
Daniel Kolacia	County Attorney	Jan 2019
Paul Overton	County Assessor	Jan 2016

Boone County



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Independent Auditor's Report

To the Officials of Boone County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 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, the business type activities, each major fund and the aggregate remaining fund information of Boone County as of June 30, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 19, Boone 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 22 and 62 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 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 April 20, 2016 on our consideration of Boone County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Boone County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 20, 2016

Boone County

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FISCAL YEAR 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 (FY)2015. The beginning net position for governmental and business type activities was restated by \$4,363,285 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 were not restated because the information to restate those amounts was not available.
- Boone County's governmental activities revenues decreased \$799,409, or 4.6%, compared to FY2014. Taxes levied on property decreased \$94,152, or 1.2%, from FY2014.
- Boone County's governmental activities expenses decreased \$237,902, or 1.5%, compared to FY2014.
- Boone County's total net position increased \$1,993,040 over the restated FY2014 balance, or approximately 4.3%.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Boone County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Boone County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Boone County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

- Required Supplementary Information further explains and supports the financial statements with a comparison of the County’s budget for the year, 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 three kinds of funds:

1) Governmental Funds account for most of the County’s basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County’s general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs.

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

2) Proprietary Funds account for the County’s Enterprise Funds. Boone County’s Enterprise, Landfill Operations and Ground Water Tax Funds account for the financial activity of the Boone County Landfill.

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

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

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

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

BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of financial position. Boone County's combined net position decreased 4.7% from a year ago, decreasing from approximately \$50.7 million to approximately \$48.4 million. The analysis that follows focuses on the net position of governmental and business type activities.

	Net Position of Boone County Activities					
	Governmental Activities		Business Type Activities		Total	
	2014		2014		2014	
	2015 (Not Restated)	2015 (Not Restated)	2015 (Not Restated)	2015 (Not Restated)	2015 (Not Restated)	2015 (Not Restated)
Current and other assets	\$ 15,831,154	14,856,407	7,853,840	6,837,274	23,684,994	21,693,681
Capital assets	43,184,831	43,725,070	2,583,574	2,774,451	45,768,405	46,499,521
Total assets	59,015,985	58,581,477	10,437,414	9,611,725	69,453,399	68,193,202
Deferred outflows of resources	704,103	-	48,508	-	752,611	-
Long-term liabilities	7,663,197	5,235,141	3,959,557	3,588,996	11,622,754	8,824,137
Other liabilities	677,394	638,254	135,686	234,094	813,080	872,348
Total liabilities	8,340,591	5,873,395	4,095,243	3,823,090	12,435,834	9,696,485
Deferred inflows of resources	9,310,626	7,749,000	82,078	-	9,392,704	7,749,000
Net position:						
Net investment						
in capital assets	41,058,136	41,285,037	1,959,195	2,071,410	43,017,331	43,356,447
Restricted	5,226,588	3,939,590	573,408	696,805	5,799,996	4,636,395
Unrestricted	(4,215,853)	(265,545)	3,775,998	3,020,420	(439,855)	2,754,875
Total net position	\$ 42,068,871	44,959,082	6,308,601	5,788,635	48,377,472	50,747,717

Prior to restatement, net position of Boone County's governmental activities decreased 6.4% (approximately \$42 million compared to approximately \$45 million). The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, buildings and equipment). The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for spending. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted governmental activities net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements, decreased from a deficit of approximately \$266,000 at June 30, 2014 to a deficit of approximately \$4,216,000 at June 30, 2015. The deficit is a result of the County's outstanding debt related to the Central Iowa Expo loan guarantee and the nearly \$2.9 million share of the IPERS underfunded liability recorded as of July 1, 2014 that affected unrestricted net position.

The following table entitled “Changes in Net Position of Boone County Activities” compares the changes in detail. Looking at the County as a whole, revenues decreased 2.6% and expenses decreased less than 1%. Revenues of the County as a whole decreased \$544,660 compared to FY2014. Operating grants decreased \$535,478, which mostly represents decreased mental health funding from the State, while capital grants decreased \$65,760. Charges for service increased 5.8%, property tax revenue decreased .6%, local option sales tax revenue increased 1.1% and other revenue decreased 33.2% compared to FY2014. A look at expenses by function reveals public safety and legal services expenses decreased 1.4%, physical health and social services expenses decreased 5.9%, mental health expenses increased .9% with the continued implementation of the mental health redesign with the State of Iowa retaining all Medicaid related revenue to pay expenses, county environment and education expenses decreased 5.8%, roads and transportation expenses increased .02%, governmental services to residents expenses decreased 6.5%, administration expenses decreased 1.6%, interest on long-term debt decreased 4% and solid waste expenses increased 9.5% compared to FY2014.

Changes in Net Position of Boone County Activities						
	Governmental		Business Type		Total	
	Activities		Activities			
	2015	2014 (Not Restated)	2015 (Not Restated)	2014	2015	2014 (Not Restated)
Revenues:						
Program revenues:						
Charges for service	\$ 2,106,268	2,063,605	3,272,458	3,019,105	5,378,726	5,082,710
Operating grants, contributions and restricted interest	3,633,281	4,153,062	-	15,697	3,633,281	4,168,759
Capital grants, contributions and restricted interest	1,452,304	1,518,064	-	-	1,452,304	1,518,064
General revenues:						
Property tax - general purposes	7,185,431	7,211,033	-	-	7,185,431	7,211,033
Property tax - debt service	408,803	539,685	-	-	408,803	539,685
Tax increment financing	187,270	160,994	-	-	187,270	160,994
Penalty and interest on property tax	88,587	85,228	-	-	88,587	85,228
State tax credits	440,823	363,998	-	-	440,823	363,998
Local option sales tax	988,562	977,613	-	-	988,562	977,613
Grants and contributions not restricted to specific purposes	27,722	33,211	-	-	27,722	33,211
Unrestricted investment earnings	53,995	68,287	40,987	32,223	94,982	100,510
Gain on disposition of capital assets	103,570	210,638	8,329	-	111,899	210,638
Miscellaneous	73,488	164,095	-	-	73,488	164,095
Total revenues	16,750,104	17,549,513	3,321,774	3,067,025	20,071,878	20,616,538
Program expenses:						
Public safety and legal services	3,267,092	3,313,403	-	-	3,267,092	3,313,403
Physical health and social services	601,283	638,766	-	-	601,283	638,766
Mental health	1,075,264	1,065,632	-	-	1,075,264	1,065,632
County environment and education	1,473,115	1,563,860	-	-	1,473,115	1,563,860
Roads and transportation	6,554,769	6,553,527	-	-	6,554,769	6,553,527
Governmental services to residents	500,014	535,037	-	-	500,014	535,037
Administration	1,827,039	1,856,292	-	-	1,827,039	1,856,292
Interest on long-term debt	240,121	250,082	-	-	240,121	250,082
Solid waste	-	-	2,540,141	2,320,643	2,540,141	2,320,643
Total expenses	15,538,697	15,776,599	2,540,141	2,320,643	18,078,838	18,097,242
Change in net position	1,211,407	1,772,914	781,633	746,382	1,993,040	2,519,296
Net position beginning of year, as restated	40,857,464	43,186,168	5,526,968	5,042,253	46,384,432	48,228,421
Net position end of year	\$ 42,068,871	44,959,082	6,308,601	5,788,635	48,377,472	50,747,717

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

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position		
Total Governmental Fund Balances		\$ 7,063,597
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 \$77,592,513 and the accumulated depreciation is \$34,407,682.		43,184,831
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.		413,688
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 704,103	
Deferred inflows of resources	<u>(1,611,626)</u>	(907,523)
Long-term liabilities, including capital lease purchase agreements payable, notes payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(7,685,722)</u>
Net Position of Governmental Activities		<u>\$ 42,068,871</u>

The County-wide taxable valuation increased approximately .55% and the County's rural taxable valuation increased approximately .3%. The budgetary requirements of the County for county-wide purposes required a County-wide levy rate of \$4.92161/\$1,000 of taxable valuation, a decrease of 2.1% from the FY2014 levy rate. The total decrease in dollars levied County-wide was \$100,700, or 1.6%.

The budgetary requirements of the County for rural services required a rural services levy rate of \$2.57131/\$1,000 of taxable rural valuation, which remains unchanged from the FY2014 levy rate. The total increase in dollars levied in unincorporated or rural areas of Boone County for the Rural Services Fund increased .3%, or \$6,548.

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

	Property Tax Levied	
	FY2015	FY2014
County-wide taxable valuation	\$ 1,226,826,548	1,220,225,377
County-wide levy rate without debt service	4.58077	4.58196
Dollars levied without debt service	5,619,805	5,591,024
County-wide taxable debt service valuation	1,268,047,228	1,260,968,296
County debt service levy rate	0.34084	0.44544
Dollars levied for debt service	432,205	561,686
Total County-wide levy rate	4.92161	5.02740
Total dollars levied County-wide	6,052,010	6,152,710
Rural taxable valuation	761,445,455	758,898,675
Rural tax levy rate	2.57131	2.57131
Dollars levied rural area only	1,957,912	1,951,364
Total dollars levied	8,009,922	8,104,074

Governmental Activities

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

- Revenues for governmental activities were approximately \$16.8 million in FY2015, which is a 4.6% decrease compared to FY2014. Expenses for governmental activities totaled approximately \$15.5 million, a decrease of 1.5% compared to FY2014. In a difficult budgeting year, Boone County did a remarkable job maintaining expenses to match available revenues, noting the County's net position of governmental activities ended the year at approximately \$42 million, a 6.4% decrease from FY2014 total net position before restatement.
- Local option sales tax revenue of \$988,562 was up almost \$11,000 when the County had expected a decrease. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the local option sales tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax increased 1.1% compared to FY2014. The County believes the local option sales tax revenue indicates the relative economic strength of the local business economy, which reflects a steady local economy.

Net Cost of Governmental Activities

Function	Expenses	Program Revenues			FY2015 Net Expense or (Revenue)	FY2014 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions			
Public safety and legal services	\$ 3,267,092	574,575	48,068		2,644,449	2,831,570
Physical health and social services	601,283	38,678	168,983		393,622	138,757
Mental health	1,075,264	132,498	-		942,766	560,865
County environment and education	1,473,115	442,816	20,707		1,009,592	1,030,242
Roads and transportation	6,554,769	292,745	4,847,052		1,414,972	1,343,997
Governmental services to residents	500,014	593,832	-		(93,818)	69,778
Administration	1,827,039	31,124	775		1,795,140	1,816,577
Interest on long-term debt	240,121	-	-		240,121	250,082
Total	\$ 15,538,697	2,106,268	5,085,585		8,346,844	8,041,868

- The cost of all governmental activities this year was approximately \$15.5 million, a decrease of approximately \$238,000, or 1.5%, from FY2014.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$2.1 million, an increase of approximately \$43,000, or 2.1%, compared to FY2014.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$5 million, a decrease of 10.3% compared to FY2014.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$8,310,914, local option sales tax of \$988,562, unrestricted grants and contributions of \$27,722, unrestricted investment earnings of \$53,995, gain on disposition of capital assets of \$103,570 and other miscellaneous revenue of \$73,488. Total general revenues for FY2015 were \$9,558,251, down \$256,531, or 2.6%, compared to FY2014.

Business Type Activities

Function	Program Revenues			
	Expenses	Charges for Service	FY2015 Net Expense or (Revenue)	FY2014 Net Expense or (Revenue)
Solid waste	\$ 2,540,141	3,272,458	(732,317)	(714,159)

Program revenues of the Boone County Landfill increased 7.8% to \$3,272,458 when compared to FY2014 as the landfill had an increase of tonnage of over 13,000 tons. Also, the tonnage brought in by Ames/Story Construction and Demolition Landfill, which increased by almost 1,700 tons, is charged twice our local cost per ton. In addition, part of this increase also comes from the Ames Resource Recovery Plant not being able to handle the increase over the previous year, which meant the Boone County Landfill had to take more of the municipal solid waste that would otherwise be burned as fuel. Program revenues were \$237,656 more than FY2014. Expenses increased 9.5% to approximately \$2.5 million. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- During FY2012, the Boone County Landfill implemented a new system for managing waste. The new system uses a low speed, high torque mobile grinder and a separate grapple equipped excavator to achieve maximum density of landfilled waste. The new system, the first of its type in Iowa, will help extend the capacity of the landfill and offers a new opportunity to reclaim metals. The system was implemented in April 2012.
- Keep Boone County Beautiful (KBCB) continued to offer assistance to area cleanup activities. It again hosted the Dragoon River Romp and Keep Boone County Scenic events.
- Commencing on July 1, 2011, the Boone County Landfill became the sole landfill in the Central Iowa Waste Management Association (CIWMA). This followed the closure of the Ames/Story Construction and Demolition Landfill. This waste stream is charged a rate twice the rate paid by customers from the Landfill's primary service area.
- The Landfill's comprehensive planning area received approval of its 2009 plan update in February 2010. The IDNR calculated the planning area's landfill waste diversion rate at 59.66% which exceeds the State of Iowa's 50% diversion goal.

MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

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

The financial performance of Boone County as a whole is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$7,063,597, 13.9% more than last year's total of \$6,202,639.

General Fund

General Fund		
	FY2015	FY2014
Beginning fund balance	\$ 2,022,492	2,249,527
Property tax, including penalty and interest	4,552,414	4,582,840
Local option sales tax	243,643	279,600
Intergovernmental	846,165	985,756
Permits and charges for service	1,026,791	918,949
Interest and use of property	98,613	109,834
Miscellaneous	79,051	150,128
Sale of capital assets	10,290	11,059
Capital lease purchase agreement	138,485	-
Total revenues and other financing sources	6,995,452	7,038,166
Public safety and legal services	3,179,985	3,130,049
Physical health and social services	606,356	640,190
County environment and education	656,826	749,962
Governmental services to residents	721,437	530,966
Administration	1,693,871	1,779,060
Capital projects	-	229,061
Transfers to other funds	106,550	205,913
Total expenditures and transfers	6,965,025	7,265,201
Ending fund balance	\$ 2,052,919	2,022,492

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

Total property tax revenue decreased less than 1%. Local option sales tax revenue decreased 12.9% and intergovernmental revenue decreased 14.2% as there were no construction projects like the IDOT funding for street construction on County land managed by CIE which was mostly completed in FY2013 and FY2014. Revenue from user fees increased 11.7% and interest and use of property decreased 10.2% due to a decrease from renting jail space to neighboring counties. Total revenues and other financing sources decreased less than 1% compared to FY2014.

Total expenditures and transfers decreased 4%, or \$300,176, compared to FY2014. The decrease in expenditures was due to grant funds spent in the prior year on the county owned land at the Expo site.

The General Fund ending balance is 29.5% of total expenditures and transfers for FY2015 compared to 27.8% for FY2014.

Special Revenue Funds

Mental Health Fund		
	FY2015	FY2014
Beginning fund balance	\$ 472,345	75,232
Property tax	831,751	840,041
Intergovernmental	209,768	603,121
Miscellaneous	5,044	5,802
Total revenues	1,046,563	1,448,964
Mental illness	274,487	58,210
Chronic mental illness	-	559,922
Intellectual disabilities	58,813	132,535
Developmental disabilities	3,096	11,741
General administration and County provided case management	783,404	289,443
Total expenditures	1,119,800	1,051,851
Ending fund balance	\$ 399,108	472,345

Boone County levied the maximum levy established by the Mental Health Fund base year calculation. The FY2015 ending fund balance was 35.6% of FY2015 expenditures compared to 44.9% for FY2014. Revenues decreased 27.8% as intergovernmental revenue was \$393,353 less than FY2014. Mental health expenditures were 6.5% higher in FY2015 compared to FY2014.

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

Rural Services Fund		
	FY2015	FY2014
Beginning fund balance	\$ 890,886	703,913
Property tax	1,864,473	1,871,509
Local option sales tax	730,930	691,019
Intergovernmental	100,213	87,363
Permits, charges for service and miscellaneous	32,795	35,013
Total revenues	2,728,411	2,684,904
Public safety and legal services	126,590	155,031
County environment and education	339,939	327,911
Governmental services to residents	1,477	1,032
Transfers to other funds	2,056,246	2,013,957
Total expenditures and transfers	2,524,252	2,497,931
Ending fund balance	\$ 1,095,045	890,886

Property tax revenue for FY2015 was down \$7,036, or .4%. The local effort for Secondary Roads was maintained at 90% of the maximum allowed to be levied for the Secondary Roads Fund.

- Local option sales tax revenue in the Rural Services Fund increased 5.8% compared to FY2014.

- Total property tax related revenue (\$1,864,473) is less than the amount transferred to the Secondary Roads Fund (\$2,056,246) by \$191,773, which means local option sales tax pays for all of the services in the Rural Services Fund and part of the road expenses. This is where rural residents realize direct property tax relief because of the local option sales tax.
- The Rural Services Fund ending fund balance now represents 43.4% of the Rural Services Fund expenditures, including transfers to the Secondary Roads Fund, compared to 35.7% for FY2014.

Secondary Roads Fund		
	FY2015	FY2014
Beginning fund balance	\$ 1,870,594	2,678,156
State fuel tax and other state revenue	4,242,752	3,675,241
Permits, charges for service and miscellaneous	113,487	420,843
Use of money and property	2,050	1,014
Transfers from other funds	2,162,796	2,219,870
Sale of capital assets	-	637
Total revenues and transfers	6,521,085	6,317,605
Secondary road maintenance	5,315,238	5,728,977
Secondary road construction	377,113	1,396,190
Total expenditures	5,692,351	7,125,167
Ending fund balance	\$ 2,699,328	1,870,594

- Secondary Roads Fund revenue and transfers increased 3.2% compared to FY2014. Intergovernmental revenue was higher by \$567,511, primarily due to higher road use tax revenues. Transfers were \$57,074 less than in FY2014.
- Secondary Roads Fund expenditures decreased \$1,432,816 compared to FY2014, a decrease of 20.1%. The decrease was primarily due to \$1 million less construction and the balance was a reduction in maintenance costs.

The ending fund balance compared to total expenditures increased to 47.4% in FY2015 compared to 26.3% in FY2014.

Debt Service Fund

	FY2015	FY2014
Beginning fund balance	\$ 206,252	220,608
Property tax	408,448	537,084
Intergovernmental and miscellaneous	26,158	25,248
Transfers from other funds	225,000	159,900
Total revenues and transfers	659,606	722,232
Principal	545,000	530,000
Interest	197,003	206,588
Total expenditures	742,003	736,588
Ending fund balance	\$ 123,855	206,252

The Debt Service Fund accumulates resources and pays the principal and interest on the County's general obligation bonds and notes. At the end of FY2015, the County had \$4,302,464 of debt outstanding subject to the debt service tax levy.

Capital Projects Fund

	FY2015	FY2014
Beginning fund balance	\$ 233,677	664,271
County environment and education expenditures	-	430,594
Ending fund balance	\$ 233,677	233,677

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

BUSINESS TYPE FUND HIGHLIGHTS

- FY2015 was the Boone County Landfill's 45th year of operation. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level which exceeds regulatory requirements.
- In 2010, the IDNR calculated the CIWMA planning area had landfilled 40.34% of the region's waste. There was only one Waste System in the state which exceeded this percent.

Landfill Operations Fund

- Landfill Operations Fund revenue was \$3,223,172, an increase of 8.2% compared to FY2014, primarily due to the temporary diversion of Ames/Story Construction and Demolition Landfill refuse to Boone County when the Ames facility closed in FY2013 and fee adjustments and landfill policies on construction demolition resulted in decreased tonnage being buried.
- Operating expenses increased 11.3% compared to FY2014.
- Landfill operations revenue increased \$243,083 during FY2015 compared to FY2014, primarily due to an increase in construction demolition waste and power plant material that is normally burned from Ames and Story County at a rate double our normal tonnage fee.

Keep Boone County Beautiful Sub-Account

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

The Dragoon River Romp.

Adopt a County Road, City Street or favorite place.

Environmental education.

Keep Boone County Scenic pick up litter day.

Boone County Recycling Center Sub-Account

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

The County has abandoned its efforts to build a new recycling center and is now exploring options to transport their recyclables to a larger facility.

Landfill Closure/Postclosure Sub-Account

- The Landfill Closure/Postclosure sub-account has assets totaling \$3,449,400. The fund is now fully funded in accordance with IDNR requirements.
- No closure/postclosure costs were expended from this sub-account during FY2015.

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

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

Expenses for FY2015 include funding for:

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

BUDGETARY HIGHLIGHTS

Over the course of the year, Boone County amended its budget one time.

The amendment was made in June 2015 and resulted in an increase in budgeted disbursements related to public safety.

On June 3, 2015, the County Board of Supervisors amended the FY2015 budget for the following:

- Increased transfers from the County TIF Project Fund to Debt Service by \$43,023.
- Disbursements in the public safety and legal services function were increased \$30,000 to replace the camera system in the communication center and \$1,000 for additional juvenile attorney fees.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$14,678,405 were approximately \$2.5 million less than the amended budget. Receipts of \$15,840,828 were approximately \$129,000 less than the amended budget.

CAPITAL ASSETS

Boone County's governmental and business type activities concluded FY2015 with \$45,768,405 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

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

In prior years, the County borrowed \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during FY2009. The balance due for the purchase of land for CIE is \$1,245,000 and is currently scheduled to be paid by June 30, 2029.

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

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

FACTORS BEARING ON THE FUTURE

Boone County's elected and appointed officials and citizens considered many factors when setting the FY2016 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 15,098 for calendar year 2015. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2015 was 3.1% versus 3.5% a year before. This compares with the State's unemployment rate of 4.5% for the same period ended June 30, 2014.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with .14% less property tax dollars compared to FY2015. The actual decrease from FY2015 to FY2016 is approximately \$11,000.

The above factors were all part of the considerations for the FY2016 budget, which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars.)

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 4,782,022	0.87%
Mental Health Fund	874,758	(0.48)
Rural Services Fund	1,954,052	(0.20)
Debt Service Fund	387,814	(10.27)
Total	\$ 7,998,646	(0.14)%

Boone County attempted to maintain the current level of services as the FY2016 budget was developed. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for FY2016 are as follows:

General basic levy	\$ 3.50000
General supplemental levy	0.34728
Mental health levy	0.70377
Rural services basic levy	2.52131
Devt service levy	0.30203

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demand for county services. The County-wide taxable valuation for the FY2016 budget exceeds \$1 billion for the sixth time in County history.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Exhibit A

Boone County
Statement of Net Position
June 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 6,027,989	3,783,993	9,811,982
Cash and cash equivalents - restricted	-	3,640,435	3,640,435
Receivables:			
Property tax:			
Delinquent	34,739	-	34,739
Succeeding year	7,699,000	-	7,699,000
Interest and penalty on property tax	142,158	-	142,158
Accounts	30,839	422,787	453,626
Accrued interest	7,102	8,016	15,118
Drainage assessments	156,228	-	156,228
Special assessments	8,100	-	8,100
Loan	100,000	-	100,000
Internal balances	3,025	(3,025)	-
Due from other governments	649,844	-	649,844
Inventories	964,044	-	964,044
Capital assets, net of accumulated depreciation	43,184,831	2,583,574	45,768,405
Assets in excess of net OPEB obligation	8,086	1,634	9,720
Total assets	59,015,985	10,437,414	69,453,399
Deferred Outflows of Resources			
Pension related deferred outflows	704,103	48,508	752,611
Liabilities			
Accounts payable	449,505	83,310	532,815
Accrued interest payable	30,611	-	30,611
Salaries and benefits payable	148,052	13,190	161,242
Due to other governments	49,226	39,186	88,412
Long-term liabilities:			
Portion due or payable within one year:			
General obligation notes	455,000	-	455,000
Urban renewal general obligation notes	100,000	-	100,000
Capital lease purchase agreements	46,162	81,662	127,824
Compensated absences	401,115	30,726	431,841
Portion due or payable after one year:			
General obligation notes	1,579,372	-	1,579,372
Urban renewal general obligation notes	2,168,092	-	2,168,092
Capital lease purchase agreements	46,161	542,717	588,878
Net pension liability	2,867,295	205,379	3,072,674
Estimated liability for landfill closure and postclosure care	-	3,099,073	3,099,073
Total liabilities	8,340,591	4,095,243	12,435,834
Deferred Inflows of Resources			
Unavailable property tax revenue	7,699,000	-	7,699,000
Pension related deferred inflows	1,611,626	82,078	1,693,704
Total deferred inflows of resources	9,310,626	82,078	9,392,704
Net Position			
Net investment in capital assets	41,058,136	1,959,195	43,017,331
Restricted for:			
Supplemental levy purposes	183,818	-	183,818
Mental health purposes	376,068	-	376,068
Rural services purposes	1,131,258	-	1,131,258
Secondary roads purposes	2,506,510	-	2,506,510
Law enforcement purposes	210,516	-	210,516
Landfill closure and postclosure care	-	350,327	350,327
Other purposes	818,418	223,081	1,041,499
Unrestricted	(4,215,853)	3,775,998	(439,855)
Total net position	\$ 42,068,871	6,308,601	48,377,472

See notes to financial statements.

Boone 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	Governmental Activities	Business Type Activities	Total
			Interest	Interest				
Functions/Programs:								
Governmental activities:								
Public safety and legal services	\$ 3,267,092	574,575	48,068	-	-	(2,644,449)	-	(2,644,449)
Physical health and social services	601,283	38,678	168,983	-	-	(393,622)	-	(393,622)
Mental health	1,075,264	132,498	-	-	-	(942,766)	-	(942,766)
County environment and education	1,473,115	442,816	17,835	-	2,872	(1,009,592)	-	(1,009,592)
Roads and transportation	6,554,769	292,745	3,397,620	-	1,449,432	(1,414,972)	-	(1,414,972)
Governmental services to residents Administration	500,014	593,832	-	-	-	93,818	-	93,818
	1,827,039	31,124	775	-	-	(1,795,140)	-	(1,795,140)
Interest on long-term debt	240,121	-	-	-	-	(240,121)	-	(240,121)
Total governmental activities	15,538,697	2,106,268	3,633,281	-	1,452,304	(8,346,844)	-	(8,346,844)
Business type activities:								
Solid waste	2,540,141	3,272,458	-	-	-	-	732,317	732,317
Total	\$ 18,078,838	5,378,726	3,633,281	-	1,452,304	(8,346,844)	732,317	(7,614,527)
General Revenues:								
Property and other county tax levied for:								
General purposes						7,185,431	-	7,185,431
Debt service						408,803	-	408,803
Tax increment financing						187,270	-	187,270
Penalty and interest on property tax						88,587	-	88,587
State tax credits						440,823	-	440,823
Local option sales tax						988,562	-	988,562
Grants and contributions not restricted to specific purposes						27,722	-	27,722
Unrestricted investment earnings						53,995	40,987	94,982
Gain on disposition of capital assets						103,570	8,329	111,899
Miscellaneous						73,488	-	73,488
Total general revenues						9,558,251	49,316	9,607,567
Change in net position						1,211,407	781,633	1,993,040
Net position beginning of year, as restated						40,857,464	5,526,968	46,384,432
Net position end of year						\$ 42,068,871	6,308,601	48,377,472

See notes to financial statements.

Boone County
Balance Sheet
Governmental Funds

June 30, 2015

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 2,097,492	364,889	1,015,868	1,695,754
Receivables:				
Property tax:				
Delinquent	21,672	3,964	5,129	-
Succeeding year	4,495,000	822,000	1,835,000	-
Interest and penalty on property tax	142,158	-	-	-
Accounts	17,792	-	-	9,619
Accrued interest	6,997	-	-	-
Drainage assessments	-	-	-	-
Special assessments	8,100	-	-	-
Loan	100,000	-	-	-
Due from other funds	15,196	-	-	7,304
Due from other governments	123,714	42,102	164,205	316,178
Inventories	-	-	-	964,044
Total assets	\$ 7,028,121	1,232,955	3,020,202	2,992,899
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 178,369	1,673	28,244	237,337
Salaries and benefits payable	80,411	6,337	6,427	54,877
Due to other funds	18,548	-	1,079	28
Due to other governments	6,614	-	-	1,329
Total liabilities	283,942	8,010	35,750	293,571
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	4,495,000	822,000	1,835,000	-
Other	196,260	3,837	54,407	-
Total deferred inflows of resources	4,691,260	825,837	1,889,407	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	964,044
Restricted for:				
Supplemental levy purposes	181,925	-	-	-
Mental health purposes	-	399,108	-	-
Rural services purposes	-	-	1,095,045	-
Secondary roads purposes	-	-	-	1,735,284
Conservation land acquisition/ capital improvements	70,981	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Law enforcement purposes	210,516	-	-	-
Resource enhancement and protection	-	-	-	-
Other purposes	-	-	-	-
Unassigned	1,589,497	-	-	-
Total fund balances	2,052,919	399,108	1,095,045	2,699,328
Total liabilities, deferred inflows of resources and fund balances	\$ 7,028,121	1,232,955	3,020,202	2,992,899

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
123,780	233,677	496,529	6,027,989
1,769	-	2,205	34,739
364,000	-	183,000	7,699,000
-	-	-	142,158
-	-	3,428	30,839
-	-	105	7,102
-	-	156,228	156,228
-	-	-	8,100
-	-	-	100,000
-	-	180	22,680
-	-	3,645	649,844
-	-	-	964,044
489,549	233,677	845,320	15,842,723
-	-	3,882	449,505
-	-	-	148,052
-	-	-	19,655
-	-	41,283	49,226
-	-	45,165	666,438
364,000	-	183,000	7,699,000
1,694	-	157,490	413,688
365,694	-	340,490	8,112,688
-	-	-	964,044
-	-	-	181,925
-	-	-	399,108
-	-	-	1,095,045
-	-	-	1,735,284
-	-	-	70,981
123,855	-	-	123,855
-	233,677	-	233,677
-	-	-	210,516
-	-	169,581	169,581
-	-	325,428	325,428
-	-	(35,344)	1,554,153
123,855	233,677	459,665	7,063,597
489,549	233,677	845,320	15,842,723

Boone County

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

June 30, 2015

Total governmental fund balances (page 27)		\$ 7,063,597
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$77,592,513 and the accumulated depreciation is \$34,407,682.		43,184,831
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.		413,688
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 704,103	
Deferred inflows of resources	<u>(1,611,626)</u>	(907,523)
Long-term liabilities, including capital lease purchase agreements payable, notes payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(7,685,722)</u>
Net position of governmental activities (page 24)		<u><u>\$ 42,068,871</u></u>

See notes to financial statements.

Boone County

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

Year ended June 30, 2015

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,486,186	831,751	1,864,473	-
Local option sales tax	243,643	-	730,930	-
Interest and penalty on property tax	66,228	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	846,165	209,768	100,213	4,242,752
Licenses and permits	19,975	-	-	2,125
Charges for service	1,006,816	-	32,765	-
Use of money and property	98,613	-	-	2,050
Miscellaneous	79,051	5,044	30	111,362
Total revenues	6,846,677	1,046,563	2,728,411	4,358,289
Expenditures:				
Operating:				
Public safety and legal services	3,179,985	-	126,590	-
Physical health and social services	606,356	-	-	-
Mental health	-	1,119,800	-	-
County environment and education	656,826	-	339,939	-
Roads and transportation	-	-	-	5,315,238
Governmental services to residents	721,437	-	1,477	-
Administration	1,693,871	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	377,113
Total expenditures	6,858,475	1,119,800	468,006	5,692,351
Excess (deficiency) of revenues over (under) expenditures	(11,798)	(73,237)	2,260,405	(1,334,062)
Other financing sources (uses):				
Sale of capital assets	10,290	-	-	-
Transfers in	-	-	-	2,162,796
Transfers out	(106,550)	-	(2,056,246)	-
Capital lease purchase agreement	138,485	-	-	-
Total other financing sources (uses)	42,225	-	(2,056,246)	2,162,796
Change in fund balances	30,427	(73,237)	204,159	828,734
Fund balances beginning of year	2,022,492	472,345	890,886	1,870,594
Fund balances end of year	\$ 2,052,919	399,108	1,095,045	2,699,328

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
408,448	-	-	7,590,858
-	-	-	974,573
-	-	-	66,228
-	-	187,270	187,270
26,158	-	18,700	5,443,756
-	-	-	22,100
-	-	4,798	1,044,379
-	-	19,239	119,902
-	-	74,578	270,065
434,606	-	304,585	15,719,131
-	-	68,385	3,374,960
-	-	-	606,356
-	-	-	1,119,800
-	-	53,300	1,050,065
-	-	-	5,315,238
-	-	4,628	727,542
-	-	-	1,693,871
742,003	-	-	742,003
-	-	-	377,113
742,003	-	126,313	15,006,948
(307,397)	-	178,272	712,183
-	-	-	10,290
225,000	-	-	2,387,796
-	-	(225,000)	(2,387,796)
-	-	-	138,485
225,000	-	(225,000)	148,775
(82,397)	-	(46,728)	860,958
206,252	233,677	506,393	6,202,639
123,855	233,677	459,665	7,063,597

Boone County

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

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 31) \$ 860,958

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. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 1,023,486	
Capital assets contributed by the Iowa Department of Transportation	796,394	
Depreciation expense	<u>(2,463,689)</u>	(643,809)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 103,570

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	3,376	
Other	<u>117,343</u>	120,719

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances in the current year, as follows:

Issued	(183,576)	
Repaid	<u>591,162</u>	407,586

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 538,442

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	31,653	
Other postemployment benefits	1,957	
Pension expense	(211,642)	
Interest on long-term debt	<u>1,973</u>	(176,059)

Change in net position of governmental activities (page 25) \$ 1,211,407

See notes to financial statements.

Boone County
Statement of Net Position
Proprietary Funds

June 30, 2015

	Enterprise		Total
	Nonmajor		
	Landfill Operations	Ground Water Tax	
Assets			
Cash and cash equivalents	\$ 3,783,993	-	3,783,993
Cash and cash equivalents - restricted	3,441,384	199,051	3,640,435
Receivables:			
Accounts	422,787	-	422,787
Accrued interest	8,016	-	8,016
Due from other funds	12,662	26,125	38,787
Capital assets, net of accumulated depreciation	2,583,574	-	2,583,574
Assets in excess of net OPEB obligation	1,634	-	1,634
Total assets	10,254,050	225,176	10,479,226
Deferred Outflows of Resources:			
Pension related deferred outflows	48,508		48,508
Liabilities			
Accounts payable	81,215	2,095	83,310
Salaries and benefits payable	13,190	-	13,190
Due to other funds	41,812	-	41,812
Due to other governments	39,186	-	39,186
Long-term liabilities:			
Portion due or payable within one year:			
Capital lease purchase agreement	81,662	-	81,662
Compensated absences	30,726	-	30,726
Portion due or payable after one year:			
Capital lease purchase agreement	542,717	-	542,717
Net pension liability	205,379	-	205,379
Estimated liability for landfill closure and postclosure care	3,099,073	-	3,099,073
Total liabilities	4,134,960	2,095	4,137,055
Deferred Inflows of Resources:			
Pension related deferred inflows	82,078	-	82,078
Net Position			
Net investment in capital assets	1,959,195	-	1,959,195
Restricted for:			
Ground water tax purposes	-	223,081	223,081
Landfill closure and postclosure care	350,327	-	350,327
Unrestricted	3,775,998	-	3,775,998
Total net position	\$ 6,085,520	223,081	6,308,601

See notes to financial statements.

Boone County

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

Year ended June 30, 2015

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water Tax	
Operating revenues:			
Charges for service	\$ 2,778,862	93,393	2,872,255
Per capita fees	175,834	-	175,834
Solid waste fees	213,546	-	213,546
Miscellaneous	5,614	5,209	10,823
Total operating revenues	3,173,856	98,602	3,272,458
Operating expenses:			
Salaries and wages	431,047	-	431,047
Payroll tax	71,047	-	71,047
Fringe benefits	63,790	-	63,790
Fuel	69,833	-	69,833
Travel	1,608	-	1,608
Utilities	17,854	-	17,854
Insurance	23,204	-	23,204
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	233,481	-	233,481
Education and training	39,587	-	39,587
Engineering	63,860	-	63,860
Maintenance and repair Operations	225,682	-	225,682
Depreciation	198,302	-	198,302
Dues and membership	307,712	-	307,712
Accounting	3,160	-	3,160
Recycling center operations	64,650	-	64,650
Gravel	328,562	34,834	363,396
Leachate hauling and treatment	53,526	-	53,526
Keep Boone County Beautiful	34,203	-	34,203
Adjustment to estimated liability for landfill closure and postclosure care	8,699	-	8,699
	240,490	-	240,490
Total operating expenses	2,480,297	34,834	2,515,131
Operating income	693,559	63,768	757,327
Non-operating revenues (expenses):			
Gain on sale of capital assets	8,329	-	8,329
Interest expense	(25,010)	-	(25,010)
Interest income	40,987	-	40,987
Net non-operating revenues	24,306	-	24,306
Change in net position	717,865	63,768	781,633
Net position beginning of year, as restated	5,367,655	159,313	5,526,968
Net position end of year	\$ 6,085,520	223,081	6,308,601

See notes to financial statements.

Boone County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2015

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water Tax	
Cash flows from operating activities:			
Cash received from gate fees	\$ 2,809,902	-	2,809,902
Cash received from per capita fee assessments	175,834	-	175,834
Cash received from other operating receipts	5,614	100,295	105,909
Cash paid to suppliers for goods and services	(1,454,974)	(35,162)	(1,490,136)
Cash paid to employees for services	(586,295)	-	(586,295)
Net cash provided by operating activities	950,081	65,133	1,015,214
Cash flows from noncapital financing activities:			
Grant	3,277	-	3,277
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(108,506)	-	(108,506)
Repayment of capital lease purchase agreement principal	(78,662)	-	(78,662)
Interest paid	(25,010)	-	(25,010)
Net cash used by capital and related financing activities	(212,178)	-	(212,178)
Cash flows from investing activities:			
Interest received on investments	39,029	-	39,029
Net increase in cash and cash equivalents	780,209	65,133	845,342
Cash and cash equivalents beginning of year	6,445,168	133,918	6,579,086
Cash and cash equivalents end of year	\$ 7,225,377	199,051	7,424,428
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 693,559	63,768	757,327
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	307,712	-	307,712
Closure and postclosure care	243,490	-	243,490
Changes in assets and liabilities:			
Increase in accounts receivable	(182,506)	-	(182,506)
Increase in deferred outflows of resources	(18,247)	-	(18,247)
(Increase) decrease in due from other funds	(4,231)	1,693	(2,538)
Decrease in accounts payable	(97,441)	(328)	(97,769)
Increase in salaries payable	2,352	-	2,352
Increase in deferred inflows of resources	82,078	-	82,078
Increase in due to other funds	12,900	-	12,900
Decrease in due to other governments	(2,991)	-	(2,991)
Decrease in net pension obligation	(86,549)	-	(86,549)
Decrease in net OPEB liability	(399)	-	(399)
Increase in compensated absences	354	-	354
Total adjustments	256,522	1,365	257,887
Net cash provided by operating activities	\$ 950,081	65,133	1,015,214

See notes to financial statements.

Boone County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,074,523
Other County officials	41,129

Receivables:

Property tax:	
Delinquent	154,254
Succeeding year	29,540,000
Accounts	20,691
Special assessments	236,133

Due from other governments	289,714
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Total assets	<u>32,356,444</u>
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Liabilities

Accounts payable	11,754
Salaries and benefits payable	22,432
Due to other governments	31,566,075
Trusts payable	662,573
Compensated absences	93,610

Total liabilities	<u>32,356,444</u>
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Net position	<u><u>\$ -</u></u>
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See notes to financial statements.

Boone County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

The Boone County Conservation Foundation is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, part of the County. It is reported as a Special Revenue Fund. The Foundation is incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Boone County Conservation Board. These donations are to be used for development and enhancement of environmental education and conservation projects which are not included in the County's budget.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds are charges to customers for sanitary landfill services. Operating expenses for Enterprise Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

Special Assessments Receivable – Special assessments receivable represents amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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 represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

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

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

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

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements 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.

Net Position – The net position of the Enterprise, Landfill Operations Fund is designated for operating costs of the Landfill.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 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.

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

At June 30, 2015, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$178,331 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Rural Services	\$ 78
	Secondary Roads	28
	Enterprise:	
	Landfill Operations	15,090
		<u>15,196</u>
Special Revenue:	General	5,706
Secondary Roads	Special Revenue:	
	Rural Services	1,001
	Enterprise:	
	Landfill Operations	597
		<u>7,304</u>
Special Revenue:		
County Recorders		
Records Management	General	180
Enterprise:		
Landfill Operations	General	12,662
Ground Water Tax	Enterprise:	
	Landfill Operations	26,125
		<u>26,125</u>
Total		<u>\$ 61,467</u>

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

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	General	\$ 106,550
Secondary Roads	Special Revenue:	
	Rural Services	2,056,246
		<u>2,162,796</u>
Debt Service	Special Revenue:	
	County TIF Project	225,000
		<u>225,000</u>
Total		<u>\$ 2,387,796</u>

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

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,961,227	-	-	1,961,227
Construction in progress	1,462,315	1,169,032	(2,323,846)	307,501
Total capital assets not being depreciated	3,423,542	1,169,032	(2,323,846)	2,268,728
Capital assets being depreciated:				
Buildings	6,188,494	6,795	-	6,195,289
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	10,242,148	735,144	(252,340)	10,724,952
Infrastructure, other	9,440,665	18,351	-	9,459,016
Infrastructure, road network	46,368,968	2,323,846	-	48,692,814
Total capital assets being depreciated	72,491,989	3,084,136	(252,340)	75,323,785
Less accumulated depreciation for:				
Buildings	2,073,838	149,106	-	2,222,944
Improvements other than buildings	74,459	6,293	-	80,752
Equipment and vehicles	8,839,898	648,164	(246,468)	9,241,594
Infrastructure, other	1,325,108	416,648	-	1,741,756
Infrastructure, road network	19,877,158	1,243,478	-	21,120,636
Total accumulated depreciation	32,190,461	2,463,689	(246,468)	34,407,682
Total capital assets being depreciated, net	40,301,528	620,447	(5,872)	40,916,103
Governmental activities capital assets, net	\$ 43,725,070	1,789,479	(2,329,718)	43,184,831
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 547,499	-	-	547,499
Construction in progress	33,678	53,106	-	86,784
Total capital assets not being depreciated	581,177	53,106	-	634,283
Capital assets being depreciated:				
Buildings	443,091	-	-	443,091
Equipment and vehicles	4,228,635	65,129	(26,957)	4,266,807
Infrastructure	1,594,813	-	-	1,594,813
Total capital assets being depreciated	6,266,539	65,129	(26,957)	6,304,711
Less accumulated depreciation for:				
Buildings	183,829	11,077	-	194,906
Equipment and vehicles	3,083,004	219,488	(25,557)	3,276,935
Infrastructure	806,432	77,147	-	883,579
Total accumulated depreciation	4,073,265	307,712	(25,557)	4,355,420
Total capital assets being depreciated, net	2,193,274	(242,583)	(1,400)	1,949,291
Business type activities capital assets, net	\$ 2,774,451	(189,477)	(1,400)	2,583,574

During the year ended June 30, 2015, the County acquired voting equipment under a capital lease purchase agreement. The cost of equipment was \$151,668 and the accumulated depreciation at June 30, 2015 was \$30,334.

During the year ended June 30, 2012, the County acquired a shredder and excavator for the Landfill under a capital lease purchase agreement. The cost of the equipment was \$863,698 and the accumulated depreciation at June 30, 2015 was \$345,359.

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	86,971
County environment and education		456,106
Roads and transportation		1,728,036
Governmental services to residents		1,481
Administration		191,095
Total depreciation expense - governmental activities	\$	<u>2,463,689</u>
Business type activities:		
Landfill operations	\$	<u>307,712</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 6,614
Special Revenue:		
Secondary Roads	Services	1,329
County TIF Project	Services	41,283
Total for governmental funds		<u>\$ 49,226</u>
Agency:		
County Offices	Collections	\$ 1,474
Agricultural Extension Education		213,914
County Assessor		825,418
Schools		18,273,862
Community Colleges		803,118
Corporations		7,962,364
Townships		404,563
Auto License and Use Tax		711,251
Special Assessments		250,335
County Hospital		1,714,151
E911		313,903
All other		91,722
Total for agency funds		<u>\$ 31,566,075</u>

(7) Long-Term Liabilities

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

	Governmental Activities						Total
	General Obligation Capital Loan Notes	Urban Renewal General Obligation Capital Loan Notes	Capital Lease Purchase Agreement	Compen- sated Absences	Net Pension Liability	(Asset in Excess of)	
						Net OPEB Liability	
Balance beginning of year, as restated	\$ 2,440,033	2,362,340	-	432,768	4,656,974	(6,129)	9,885,986
Increases	44,339	752	138,485	293,111	-	30,808	507,495
Decreases	450,000	95,000	46,162	324,764	1,789,679	32,765	2,738,370
Balance end of year	\$ 2,034,372	2,268,092	92,323	401,115	2,867,295	(8,086)	7,655,111
Due within one year	\$ 455,000	100,000	46,162	401,115	-	-	1,002,277

	Business Type Activities					Total
	Landfill Capital Lease Purchase Agreement	Compen- sated Absences	Closure and Postclosure Care	Net Pension Liability	(Assets in Excess of)	
					Net OPEB Obligation	
Balance beginning of year, as restated	\$ 703,041	30,372	2,855,583	291,928	(1,235)	3,879,689
Increases	-	28,272	243,490	-	6,224	277,986
Decreases	78,662	27,918	-	86,549	6,623	199,752
Balance end of year	\$ 624,379	30,726	3,099,073	205,379	(1,634)	3,957,923
Due within one year	\$ 81,662	30,726	-	-	-	112,388

General Obligation Capital Loan Notes

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

Year Ending June 30,	Series 2010			Series 2009A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	2.40%	\$ 400,000	23,805	4.75%	\$ 55,000	73,675
2017	2.70	415,000	14,205	5.00	60,000	71,063
2018	3.00	100,000	3,000	5.25	65,000	68,062
2019		-	-	5.50	65,000	64,650
2020		-	-	5.60	70,000	61,075
2021-2025		-	-	5.70-6.10	445,000	237,565
2026-2029		-	-	6.20-6.50	485,000	80,410
Total		\$ 915,000 *	41,010		\$ 1,245,000	656,500

Year Ending June 30,	Total		
	Principal	Interest	Total
2016	\$ 455,000	97,480	552,480
2017	475,000	85,268	560,268
2018	165,000	71,062	236,062
2019	65,000	64,650	129,650
2020	70,000	61,075	131,075
2021-2025	445,000	237,565	682,565
2026-2029	485,000	80,410	565,410
Total	\$ 2,160,000	697,510	2,857,510

* The Series 2010 notes had unamortized discount totaling \$125,628 at June 30, 2015.

During the year ended June 30, 2015, the County retired \$450,000 of general obligation capital loan notes.

Urban Renewal General Obligation Capital Loan Notes

On September 7, 2011, the County issued \$2,465,000 of urban renewal general obligation capital loan notes, Series 2011 dated September 1, 2011 for the purpose of retiring the outstanding balance of \$1,046,891 of the general obligation capital loan anticipation project notes, Series 2009B dated April 1, 2009 and to guarantee the principal and interest payments of a Central Iowa Expo loan with Vision Bank (formerly Community Bank of Boone) through June 2014. As of June 30, 2015, the County has remitted \$2,292,846 to Vision Bank on behalf of Central Iowa Expo, Inc. The County does not anticipate Central Iowa Expo will be able to repay the loan and, therefore, a loan receivable has not been established. The notes bear interest at rates ranging from 1.25% to 4.80% per annum with final maturity on May 1, 2031.

A summary of the County's June 30, 2015 urban renewal general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2011			
	Interest Rates	Principal	Interest	Total
2016	1.50%	\$ 100,000	86,185	186,185
2017	1.80	100,000	84,685	184,685
2018	2.20	110,000	82,885	192,885
2019	2.60	110,000	80,465	190,465
2020	3.00	120,000	77,605	197,605
2021-2025	3.25-4.15	670,000	325,425	995,425
2026-2030	4.30-4.70	865,000	172,055	1,037,055
2031	4.80	205,000	9,840	214,840
Total		\$ 2,280,000 *	919,145	3,199,145

*The Series 2011 notes had unamortized discount totaling \$11,908 at June 30, 2015.

Capital Lease Purchase Agreements

Governmental activities:

In May 2015, the County entered into a capital lease purchase agreement for vote tabulation systems equipment, hardware and software payable from the General Fund. The agreement is for a period of three years with no interest. For the current year, principal paid was \$46,162.

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

Year Ending June 30,	Amount
2016	\$ 46,162
2017	46,161
Present value of net minimum lease payments	\$ 92,323

Business type activities:

In March 2012, the County entered into a capital lease purchase agreement for a shredder and excavator for the Landfill. The agreement is for a period of ten years at an interest rate of 3.75% per annum. For the current year, principal and interest paid and total customer net receipts (operating gain adding back depreciation) were \$103,671 and \$1,001,271, respectively.

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

Year Ending June 30,	Amount
2016	\$ 103,671
2017	103,671
2018	103,671
2019	103,671
2020	103,671
2021-2022	190,064
Total minimum lease payments	708,419
Less amount representing interest	(84,040)
Present value of net minimum lease payments	<u>\$ 624,379</u>

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

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

(8) Contingent Liability

On August 8, 2012, the County entered into a loan agreement to borrow up to \$632,663 from SunTrust Equipment Finance and Leasing Corporation for the purchase of a Motorola 911 Critical Communication System. The loan agreement is to be repaid in 5 annual installments of \$133,813, including interest at 2.362% per annum, beginning December 1, 2012. During the year ended June 30, 2015, the E911 Service Board paid principal of \$124,761 and interest of \$9,052 on the loan, for a total of \$133,813.

The County is contingently liable on the \$258,433 loan agreement at June 30, 2015. Since the lease principal and interest are currently paid from E911 Service Board revenues, the liability has not been recorded in the Statement of Net Position. However, since the County has signed the loan agreement, if the revenues of the E911 Service Board are not adequate, a tax may be levied on all taxable property in the County to repay the loan.

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

(9) Pension Plan

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

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

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

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

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1%. 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 \$575,654.

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 \$3,072,674 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, 2015, the County's collective proportion was 0.0774772%, which was a decrease of 0.008715% from its collective proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the County recognized pension expense of \$226,136. 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	\$ 34,876	35,590
Changes of assumptions	141,623	31,151
Net difference between projected and actual earnings on pension plan investments	-	1,559,094
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	458	67,869
County contributions subsequent to the measurement date	575,654	-
Total	<u>\$ 752,611</u>	<u>1,693,704</u>

\$575,654 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	\$ (379,880)
2017	(379,880)
2018	(379,880)
2019	(379,878)
2020	2,771
Total	<u>\$ (1,516,747)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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	<u>100%</u>	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 6,644,972	\$3,072,674	\$ 59,707

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 \$14,175 for legally required County contributions and \$9,984 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(10) Other Postemployment Benefits (OPEB)

Plan Description - The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 130 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

Annual OPEB Cost and Net OPEB Obligation - The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding 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	\$ 37,800
Interest on net OPEB obligation	(300)
Adjustment to annual required contributions	(500)
Annual OPEB cost	<u>37,000</u>
Contribution made	<u>(39,356)</u>
Decrease in net OPEB obligation	(2,356)
(Assets in excess of) net OPEB obligation beginning of year	<u>(7,364)</u>
(Assets in excess of) net OPEB obligation end of year	<u>\$ (9,720)</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$39,356 to the medical plan. Plan members eligible for benefits contributed \$78,773, or 67% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(Assets in Excess of) Net OPEB Obligation
2013	\$ 9,510	204.9%	\$ 14,161
2014	9,610	324.0	(7,364)
2015	37,000	106.4	(9,720)

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$402,976, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$402,976. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,659,000 and the ratio of UAAL to covered payroll was 6.1%. As of June 30, 2015, there were no trust fund assets.

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

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

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

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$650 per month for retirees less than age 65 and \$1,460 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9. The projected claim costs are \$625 per month and \$1,404 per month for family under plan 10, \$540 per month and \$1,213 per month for family under plan 11B, and \$610 per month and \$1,371 per month for family under plan 13. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage payroll expense on an open basis over 30 years.

(11) Operating Lease Agreement

The County renewed a lease for space for the Boone County Recycling Center during the year ended June 30, 2015.

The following is a schedule of future minimum rental payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2015:

Year Ending June 30,	Amount
2016	\$ 48,000
2017	48,000
2018	36,000
Total	<u>\$ 132,000</u>

Rental expense for the year ended June 30, 2015 for this operating lease totaled \$48,000.

(12) Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were \$126,457.

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 \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(13) Loans to County Community Service Case Management Fund

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County

Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 with another \$15,000 in October 2006 for necessary cash flow. The County is establishing formal repayment schedules for the loans. At June 30, 2015, neither loan had been repaid.

(14) Closure and Postclosure Care

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

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

These costs for the Landfill have been estimated at \$1,747,900 for closure and \$1,596,000 for postclosure care, for a total of \$3,343,900 as of June 30, 2015 for the original and expansion areas combined. The portion of the liability that has been recognized is \$3,099,073. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2015. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 2 years for the expansion area and the capacity used at June 30, 2015 is 89%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2015, assets of \$3,449,400 are restricted for these purposes, of which \$1,817,316 is for closure and \$1,632,084 is for postclosure care.

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

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

(15) Solid Waste Tonnage Fees Retained

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

As of June 30, 2015, net position of \$223,081 has been retained by the County and is restricted for the required purposes.

(16) County Financial Information Included in the Central Iowa Community Services Mental Health Region

Central Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County, Warren County and Boone County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2015, as follows:

Revenues:			
Property and other county tax			\$ 831,751
Intergovernmental:			
State tax credits	\$ 53,569		
Social services block grant	134,982		
MH-DD reimbursement from other governments	21,008		
Other	<u>209</u>		209,768
Miscellaneous			<u>5,044</u>
Total revenues			<u>1,046,563</u>
Expenditures:			
Services to persons with:			
Mental illness	274,487		
Intellectual disabilities	58,813		
Other developmental disabilities	3,096		336,396
General administration:			
Direct administration	266,749		
Purchased administration	14,533		
Distribution to regional fiscal agent	<u>438,203</u>		719,485
County provided case management			<u>63,919</u>
Total expenditures			<u>1,119,800</u>
Deficiency of revenues under expenditures			(73,237)
Fund balance beginning of year			<u>472,345</u>
Fund balance end of year			<u>\$ 399,108</u>

(17) Deficit Fund Balance

The Special Revenue, County TIF Project Fund had a deficit balance of \$35,344 at June 30, 2015. The deficit balance was a result of \$41,000 initially apportioned into the fund which should have been apportioned to the City of Boone. This led the transfer to the Debt Service Fund to be more than the proper apportionment. The correction of the apportionment error caused the deficit balance. The deficit will be eliminated upon collection of tax increment financing revenue.

(18) Subsequent Events

In September 2015, the County issued \$1,250,000 of Landfill Revenue Capital Loan Notes to be used to pay a portion of costs of improving, extending and equipping the Landfill, including acquisition of a compactor, and refunding outstanding Landfill revenue indebtedness, including the lease purchase agreement for the shredder and excavator, dated April 16, 2012. The notes and interest shall be payable solely out of net earnings of the Landfill.

In July 2015, the County entered into a contract with J.B. Holland Construction, Inc. for \$2,363,890 for construction of the Landfill expansion project. Costs will be paid as work on the project progress.

(19) Accounting Change/Restatement

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

	Governmental Activities	Business Type Activities Landfill Operations
Net position June 30, 2014, as previously reported	\$ 44,959,082	5,629,322
Net pension liability at June 30, 2014	(4,656,974)	(291,928)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	555,356	30,261
Net position July 1, 2014, as restated	<u>\$40,857,464</u>	<u>5,367,655</u>

Required Supplementary Information

Boone County

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

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,777,874	-	8,777,874
Penalty and interest on property tax	68,044	-	68,044
Intergovernmental	5,133,085	-	5,133,085
Licenses and permits	22,080	-	22,080
Charges for service	1,026,186	-	1,026,186
Use of money and property	102,419	-	102,419
Miscellaneous	759,537	48,397	711,140
Total receipts	15,889,225	48,397	15,840,828
Disbursements:			
Public safety and legal services	3,362,924	-	3,362,924
Physical health and social services	610,477	-	610,477
Mental health	1,168,002	-	1,168,002
County environment and education	1,083,593	53,300	1,030,293
Roads and transportation	5,152,110	-	5,152,110
Governmental services to residents	587,716	-	587,716
Administration	1,669,674	-	1,669,674
Debt service	742,002	-	742,002
Capital projects	355,207	-	355,207
Total disbursements	14,731,705	53,300	14,678,405
Excess (deficiency) of receipts over (under) disbursements	1,157,520	(4,903)	1,162,423
Other financing sources, net	10,290	-	10,290
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,167,810	(4,903)	1,172,713
Balance beginning of year	4,860,179	211,146	4,649,033
Balance end of year	\$ 6,027,989	206,243	5,821,746

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
8,794,844	8,794,844	(16,970)
80,500	80,500	(12,456)
4,948,846	4,948,846	184,239
15,900	15,900	6,180
1,006,350	1,006,350	19,836
103,251	103,251	(832)
1,019,900	1,019,900	(308,760)
15,969,591	15,969,591	(128,763)
3,520,389	3,551,389	188,465
758,270	758,270	147,793
1,417,500	1,417,500	249,498
1,356,344	1,356,344	326,051
5,831,900	5,831,900	679,790
674,235	674,235	86,519
1,822,945	1,822,945	153,271
742,002	742,002	-
1,001,200	1,001,200	645,993
17,124,785	17,155,785	2,477,380
(1,155,194)	(1,186,194)	2,348,617
18,000	18,000	(7,710)
(1,137,194)	(1,168,194)	2,340,907
4,588,559	4,516,183	132,850
3,451,365	3,347,989	2,473,757

Boone 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	\$ 15,889,225	(170,094)	15,719,131
Expenditures	14,731,705	275,243	15,006,948
Net	1,157,520	(445,337)	712,183
Other financing sources, net	10,290	138,485	148,775
Beginning fund balances	4,860,179	1,342,460	6,202,639
Ending fund balances	\$ 6,027,989	1,035,608	7,063,597

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$31,000. The budget amendment is reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted by function.

Boone 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	0.0774772%
County's collective proportionate share of the net pension liability	\$ 3,073
County's covered-employee payroll	\$ 6,428
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	47.80%
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.

Boone County

Boone 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	\$ 576	586	564	524
Contributions in relation to the statutorily required contribution	<u>(576)</u>	<u>(586)</u>	<u>(564)</u>	<u>(524)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 6,317	6,428	6,353	6,277
Contributions as a percentage of covered-employee payroll	9.12%	9.12%	8.88%	8.35%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
469	434	395	375	333	297
<u>(469)</u>	<u>(434)</u>	<u>(395)</u>	<u>(375)</u>	<u>(333)</u>	<u>(297)</u>
-	-	-	-	-	-
6,366	6,260	5,956	5,875	5,358	4,815
7.37%	6.93%	6.63%	6.38%	6.22%	6.17%

Boone 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.

Boone County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 74	74	0.00%	\$ 5,226	1.40%
2010	Jul 1, 2008	-	74	74	0.00	6,273	1.20
2011	Jul 1, 2008	-	74	74	0.00	6,595	1.10
2012	Jul 1, 2011	-	76	76	0.00	6,405	1.20
2013	Jul 1, 2011	-	76	76	0.00	6,505	1.20
2014	Jul 1, 2011	-	76	76	0.00	6,576	1.10
2015	Jul 1, 2014	-	403	403	0.00	6,659	6.10

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

See accompanying independent auditor's report.

Supplementary Information

Boone County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Task Force
Assets				
Cash, cash equivalents and pooled investments	\$ 51,324	144,758	169,476	22,854
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	1,130
Accrued interest	-	-	105	-
Drainage assessments	-	156,228	-	-
Due from other funds	180	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 51,504	300,986	169,581	23,984
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other governments	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	156,228	-	-
Total deferred inflows of resources	-	156,228	-	-
Fund balances:				
Restricted for:				
Resource enhancement and protection	-	-	169,581	-
Other purposes	51,504	144,758	-	23,984
Unassigned	-	-	-	-
Total fund balances	51,504	144,758	169,581	23,984
Total liabilities, deferred inflows of resources and fund balances	\$ 51,504	300,986	169,581	23,984

See accompanying independent auditor's report.

Special Revenue							
Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation	Total	
32,560	3,528	3,971	1,577	4,996	61,485	496,529	
-	-	-	-	2,205	-	2,205	
-	-	-	-	183,000	-	183,000	
19	-	2,279	-	-	-	3,428	
-	-	-	-	-	-	105	
-	-	-	-	-	-	156,228	
-	-	-	-	-	-	180	
3,265	-	-	380	-	-	3,645	
35,844	3,528	6,250	1,957	190,201	61,485	845,320	
2,430	-	1,452	-	-	-	3,882	
-	-	-	-	41,283	-	41,283	
2,430	-	1,452	-	41,283	-	45,165	
-	-	-	-	183,000	-	183,000	
-	-	-	-	1,262	-	157,490	
-	-	-	-	184,262	-	340,490	
-	-	-	-	-	-	169,581	
33,414	3,528	4,798	1,957	-	61,485	325,428	
-	-	-	-	(35,344)	-	(35,344)	
33,414	3,528	4,798	1,957	(35,344)	61,485	459,665	
35,844	3,528	6,250	1,957	190,201	61,485	845,320	

Boone County

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

Year ended June 30, 2015

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Task Force	Attorney Drug Prosecution
Revenues:					
Tax increment financing	\$ -	-	-	-	-
Intergovernmental	-	-	17,835	-	-
Charges for service	4,798	-	-	-	-
Use of money and property	181	-	276	-	-
Miscellaneous	-	45,525	-	9,824	10,551
Total revenues	4,979	45,525	18,111	9,824	10,551
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	9,310	7,958
County environment and education	-	51,320	-	-	-
Governmental services to residents	4,628	-	-	-	-
Total expenditures	4,628	51,320	-	9,310	7,958
Excess (deficiency) of revenues over (under) expenditures	351	(5,795)	18,111	514	2,593
Other financing uses:					
Transfers out	-	-	-	-	-
Changes in fund balance	351	(5,795)	18,111	514	2,593
Fund balances beginning of year	51,153	150,553	151,470	23,470	30,821
Fund balances end of year	\$ 51,504	144,758	169,581	23,984	33,414

See accompanying independent auditor's report.

Special Revenue					
Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation	Total
-	-	-	187,270	-	187,270
865	-	-	-	-	18,700
-	-	-	-	-	4,798
-	18,726	-	-	56	19,239
-	-	5,862	-	2,816	74,578
865	18,726	5,862	187,270	2,872	304,585
100	46,434	4,583	-	-	68,385
-	-	-	-	1,980	53,300
-	-	-	-	-	4,628
100	46,434	4,583	-	1,980	126,313
765	(27,708)	1,279	187,270	892	178,272
-	-	-	(225,000)	-	(225,000)
765	(27,708)	1,279	(37,730)	892	(46,728)
2,763	32,506	678	2,386	60,593	506,393
3,528	4,798	1,957	(35,344)	61,485	459,665

Boone County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,894	256,540	176,378	7,311
Other County officials	41,129	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,020	2,946	78,484	3,807
Succeeding year	-	211,000	611,000	18,019,000	792,000
Accounts	1,003	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 42,132	213,914	870,486	18,273,862	803,118
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	335	-	-
Salaries and benefits payable	-	-	9,656	-	-
Due to other governments	1,474	213,914	825,418	18,273,862	803,118
Trusts payable	40,658	-	-	-	-
Compensated absences	-	-	35,077	-	-
Total liabilities	\$ 42,132	213,914	870,486	18,273,862	803,118

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
89,860	3,236	711,251	14,202	16,004	319,070	478,777	2,074,523
-	-	-	-	-	-	-	41,129
58,504	1,327	-	-	8,147	-	19	154,254
7,814,000	400,000	-	-	1,690,000	-	3,000	29,540,000
-	-	-	-	-	19,074	614	20,691
-	-	-	236,133	-	-	-	236,133
-	-	-	-	-	100,339	189,375	289,714
7,962,364	404,563	711,251	250,335	1,714,151	438,483	671,785	32,356,444
-	-	-	-	-	7,166	4,253	11,754
-	-	-	-	-	-	12,776	22,432
7,962,364	404,563	711,251	250,335	1,714,151	313,903	91,722	31,566,075
-	-	-	-	-	117,414	504,501	662,573
-	-	-	-	-	-	58,533	93,610
7,962,364	404,563	711,251	250,335	1,714,151	438,483	671,785	32,356,444

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

Year ended June 30, 2015

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 50,182	200,834	887,682	18,409,048	778,621
Additions:					
Property and other county tax	-	215,635	624,825	18,351,419	807,837
E911 surcharge	-	-	-	-	-
State tax credits	-	9,081	30,488	841,209	35,079
Office fees and collections	526,965	-	3,251	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	198,986	-	-	-	-
Miscellaneous	-	-	88	-	-
Total additions	725,951	224,716	658,652	19,192,628	842,916
Deductions:					
Agency remittances:					
To other funds	294,148	-	-	-	-
To other governments	226,149	211,636	675,848	19,327,814	818,419
Trusts paid out	213,704	-	-	-	-
Total deductions	734,001	211,636	675,848	19,327,814	818,419
Balances end of year	\$ 42,132	213,914	870,486	18,273,862	803,118

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
7,958,161	398,855	694,824	255,237	1,695,361	372,102	573,762	32,274,669
7,883,608	411,313	-	-	1,724,587	-	3,901	30,023,125
-	-	-	-	-	248,285	-	248,285
378,973	16,449	-	-	76,730	-	175	1,388,184
-	-	-	-	-	-	-	530,216
-	-	8,183,479	-	-	-	-	8,183,479
-	-	-	70,057	-	-	-	70,057
-	-	-	-	-	-	946,331	1,145,317
-	-	-	-	-	100,609	2,263,002	2,363,699
8,262,581	427,762	8,183,479	70,057	1,801,317	348,894	3,213,409	43,952,362
-	-	304,718	-	-	-	-	598,866
8,258,378	422,054	7,862,334	-	-	210,227	6,313	38,019,172
-	-	-	74,959	1,782,527	72,286	3,109,073	5,252,549
8,258,378	422,054	8,167,052	74,959	1,782,527	282,513	3,115,386	43,870,587
7,962,364	404,563	711,251	250,335	1,714,151	438,483	671,785	32,356,444

Boone County

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

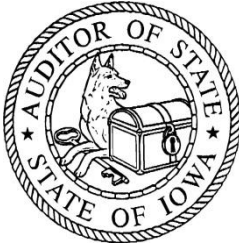
For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 7,778,128	7,915,039	7,822,090	7,624,140
Local option sales tax	974,573	970,619	834,332	870,967
Interest and penalty on property tax	66,228	77,429	68,784	68,321
Intergovernmental	5,443,756	5,393,112	6,742,555	7,383,576
Licenses and permits	22,100	23,380	18,990	19,645
Charges for service	1,044,379	938,516	1,044,869	914,070
Use of money and property	119,902	129,063	140,691	208,399
Miscellaneous	270,065	743,661	334,528	400,336
Total	\$ 15,719,131	16,190,819	17,006,839	17,489,454
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,374,960	3,375,919	3,133,722	2,991,532
Physical health and social services	606,356	640,190	617,137	630,996
Mental health	1,119,800	1,051,851	1,299,546	3,238,850
County environment and education	1,050,065	1,574,160	1,509,043	2,068,863
Roads and transportation	5,315,238	5,728,977	4,997,451	5,298,333
Governmental services to residents	727,542	534,462	561,908	541,174
Administration	1,693,871	1,779,060	1,582,486	1,560,273
Debt service	742,003	736,588	697,402	1,716,334
Capital projects	377,113	1,625,251	2,468,315	700,074
Total	\$ 15,006,948	17,046,458	16,867,010	18,746,429

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
7,362,020	6,833,940	6,482,896	6,145,257	5,678,758	5,391,529
813,991	770,944	824,876	828,151	790,831	726,317
78,801	97,131	85,812	93,048	76,918	71,901
6,752,826	6,721,779	6,350,624	6,196,573	6,177,965	5,518,447
17,730	15,170	17,324	18,631	25,821	20,933
947,402	946,631	951,013	932,813	916,158	926,680
148,592	180,428	237,426	276,241	343,410	242,346
387,811	348,081	302,259	231,978	257,996	198,900
16,509,173	15,914,104	15,252,230	14,722,692	14,267,857	13,097,053
3,050,832	2,818,638	2,753,574	2,685,812	2,507,524	2,393,530
740,042	790,647	708,696	639,097	660,704	610,980
2,455,192	2,200,563	2,510,866	2,986,700	2,671,208	2,479,313
2,278,691	1,551,519	945,822	926,932	933,921	857,742
5,254,482	5,514,468	4,767,579	4,831,699	4,322,499	3,881,757
554,193	549,998	594,094	497,320	495,947	666,018
1,663,071	1,713,577	1,797,854	1,591,002	1,338,419	1,217,653
642,994	3,816,125	2,101,810	610,659	417,958	416,895
311,292	1,294,297	234,620	653,859	3,113,667	474,175
16,950,789	20,249,832	16,414,915	15,423,080	16,461,847	12,998,063

Boone County



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

To the Officials of Boone County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 20, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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


Boone County's Responses to the Findings


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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 20, 2016

Boone 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:

	<u>Applicable Offices</u>
(1) Receipts - collecting, depositing, posting and daily reconciling.	County Recorder
(2) Receipts - opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Treasurer

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

Responses –

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

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

Conclusions – Responses accepted.

Boone County

Schedule of Findings

Year ended June 30, 2015

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

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

Response – The Treasurer’s office reconciles all accounts monthly. Our reconciliation has been to balance our bank account records to the records that the bank has. We use the bank reconciliation program available through Solutions software. We compare the Treasurer’s bank register as checks clear and deposit totals match exactly every month with all bank accounts when comparing our bank totals to their’s allowing for outstanding checks, deposits in transit, and interest earned on that account. I will work toward putting a procedure in place that compares our bank reconciliations and balances to the Treasurer’s book balance.

Conclusion – Response accepted.

- (C) Financial Reporting - During the audit, we identified a material capital lease purchase agreement which was not recorded. An adjustment was subsequently made by the County to properly reflect the agreement in the financial statements.

Recommendation – The County should implement procedures to ensure capital lease purchase agreements are properly accounted for in the County’s financial statements.

Response – The County agrees and will implement procedures to properly record capital leases.

Conclusion – Response accepted.

- (D) County Recorder – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2015 was not investigated and resolved.

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

Response – We use several different reports to see that our bank balance reflects the deposits and the month end liabilities. We also run a monthly list of accounts receivable report that shows billing dates, paid dates, amount paid and amounts outstanding. We will continue to work to identify reconciling items in order to resolve variances between book and bank balances.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Boone 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 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – There were no business transactions between the County and County officials or employees.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not except as follows:

Although minutes of Board proceedings were published, they were not published within the time period required by Chapter 349.18 of the Code of Iowa. Also, a list of claims was not always published with the minutes.

Recommendation – Proceedings of the Board minutes along with a listing of claims should be published within one week as required by Chapter 349.18 of the Code of Iowa.

Response – The County makes a concerted effort to comply with Chapter 349.18 of the Iowa Code. The Board of Supervisors meets once per week and they approve the minutes of previous week at that meeting. The plan is to make those minutes available to county newspapers for publication the day Board approves them. Occasionally staff is required to complete other tasks or is not present because of paid time off. We will continue to strive to comply with Chapter 349.18.

The County has two claim sessions per month. Handwritten warrants are approved before issuance by the Board members signing each individual claim before warrant is issued. The County's bi-monthly claim resolution authorizes claims to be paid that day and any hand written warrants between claim sessions to be published. The total of claims published equals claims approved on claims session day and claims paid by handwritten warrants approved between claim sessions.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Boone County

Schedule of Findings

Year ended June 30, 2015

- (9) Solid Waste Fees Retainage – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.
- (10) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from county operations and, consequently, is not included in Exhibits A or B.

Disbursements for the County Extension Office during the year ended June 30, 2015 exceeded the amount budgeted.

Although the County Extension Office Annual Financial Report was published, the publication did not include Agency Fund activity.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

The Annual Financial Report should include a complete list of all revenues and expenses for the Extension office.

Response – Expenditures will be carefully monitored in the next fiscal year and great efforts will be made to stay under budget.

The Annual Financial Report will be reviewed by two additional people prior to publication in July of 2016.

Conclusion – Response accepted.

- (11) County Joint E-911 Service Board Budget – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted for the operating fund.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – E911 Service Board was not aware that expenditures must be budgeted fund specific. E911 will amend FY2016 budget to comply with recommendation.

Conclusion – Response accepted.

Boone County

Schedule of Findings

Year ended June 30, 2015

- (12) Financial Assurance – The Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area		Total
	Closure	Postclosure	Closure	Postclosure	
Total estimated costs for closure and postclosure care	\$ 221,400	802,500	1,526,500	793,500	3,343,900
Amounts required to be held in the local dedicated fund at June 30, 2014	\$ 214,700	802,500	1,480,600	793,500	3,291,300
Reallocation of amounts required to be held based on current estimated costs	6,700	-	(6,700)	-	-
Amounts required to be held in the local dedicated fund at June 30, 2014, as reallocated	221,400	802,500	1,473,900	793,500	3,291,300
Current year allocations	-	-	52,600	-	52,600
Amounts required to be held in the local dedicated fund at June 30, 2015	\$ 221,400	802,500	1,526,500	793,500	3,343,900
Amounts restricted for closure and postclosure care at June 30, 2015	\$ 221,400	802,500	1,595,916	829,584	3,449,400

- (13) Annual Urban Renewal Report – The Annual Urban Renewal Report was not properly approved and certified to the Iowa Department of Management on or before December 1. The report was approved and filed on December 10, 2014.

Recommendation – The County should file the Annual Urban Renewal Report timely.

Response – The County will file the Annual Urban Renewal Report timely.

Conclusion – Response accepted.

- (14) Financial Condition - The Special Revenue, County TIF Project Fund had a deficit balance at June 30, 2015. This appears to violate Chapter 331.476 of the Code of Iowa.

Recommendation - The County should investigate alternatives to eliminate this deficit balance.

Response – The deficit accrual balance is because the Treasurers office had apportioned approximately \$41,000 to the Special Revenue, County TIF Project Fund that should have been apportioned to the City of Boone. The County had transferred money in the Special Revenue, County TIF Project Fund to the County’s Debt Service Fund. This error has been corrected and this problem eliminated in fiscal year 2016.

Conclusion – Response accepted.

Boone County

Staff

This audit was performed by:

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