

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

June 2, 2016

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$24,878,887 for the year ended June 30, 2015, which included \$1,556,473 in tax credits from the state. The County forwarded \$16,652,482 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,226,405 of the local tax revenue to finance County operations, a 2.1% increase over the prior year. Other revenues included charges for service of \$1,653,721, operating grants, contributions and restricted interest of \$3,952,866, capital grants, contributions and restricted interest of \$382,064, local option sales tax of \$534,654, unrestricted investment earnings of \$43,262 and other general revenues of \$199,171.

Expenses for County operations for the year ended June 30, 2015 totaled \$15,453,935, a 13.9% increase over the prior year. Expenses included \$6,183,107 for roads and transportation, \$2,408,507 for public safety and legal services and \$1,948,667 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1510-0043-B00F>.

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

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Harrison County

Officials

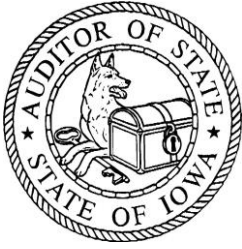
(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert V. Smith	Board of Supervisors	Jan 2015
Walter Utman	Board of Supervisors	Jan 2015
Gaylord Pitt	Board of Supervisors	Jan 2017
Susan E. Bonham	County Auditor	Jan 2017
Renee King	County Treasurer	Jan 2015
Lorie A. Thompson	County Recorder	Jan 2015
Patrick Sears	County Sheriff	Jan 2017
Jennifer Mumm	County Attorney	Jan 2015
Brenda Loftus	County Assessor	Jan 2016

(After January 2015)

Gaylord Pitt	Board of Supervisors	Jan 2017
Russell G. Kurth	Board of Supervisors	Jan 2019
Walter Utman	Board of Supervisors	Jan 2019
Susan E. Bonham	County Auditor	Jan 2017
Shelia Phillips	County Treasurer	Jan 2019
Lorie A. Thompson	County Recorder	Jan 2019
Patrick Sears	County Sheriff	Jan 2017
Jennifer Mumm	County Attorney	Jan 2019
Brenda Loftus	County Assessor	Jan 2016

Harrison County



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Independent Auditor's Report

To the Officials of Harrison County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Harrison County, Iowa, as of and for the year ended June 30, 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 Harrison 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 15, Harrison 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 16 and 56 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrison County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the five years ended June 30, 2010 (which are not presented herein) were audited by another auditor who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 16, 2016 on our consideration of Harrison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Harrison County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 16, 2016

Harrison County

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- ◆ The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by \$3,240,409 to retroactively report the net pension liability at July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- ◆ Revenues of the County's governmental activities decreased 6.6%, or approximately \$1,052,000, from fiscal year 2014 to fiscal year 2015. Capital grants, contributions and restricted interest decreased approximately \$995,000.
- ◆ Program expenses of the County's governmental activities were 13.0%, or approximately \$1,762,000, more in fiscal year 2015 than in fiscal year 2014. Mental health function expenses increased approximately \$1,527,000.
- ◆ The County's governmental activities net position decreased less than 1%, or approximately \$329,000, from the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Harrison County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Harrison County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Harrison County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Supplementary Information provides detailed information about the non-major governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental and Business Type Activities						
(Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30, 2014		June 30, 2014		June 30, 2014	
	2015	(Not Restated)	2015	2014	2015	(Not Restated)
Current and other assets	\$ 22,294	22,717	104	96	22,398	22,813
Capital assets	33,320	33,308	2,115	2,146	35,435	35,454
Total assets	55,614	56,025	2,219	2,242	57,833	58,267
Deferred outflows of resources	580	-	-	-	580	-
Long-term liabilities	3,818	1,583	701	712	4,519	2,295
Other liabilities	526	399	-	-	526	399
Total liabilities	4,344	1,982	701	712	5,045	2,694
Deferred inflows of resources	9,126	7,750	-	-	9,126	7,750
Net position:						
Net investment in capital assets	33,320	33,308	1,414	1,435	34,734	34,743
Restricted	9,827	10,688	59	51	9,886	10,739
Unrestricted	(423)	2,297	45	44	(378)	2,341
Total net position	\$ 42,724	46,293	1,518	1,530	44,242	47,823

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position component decreased approximately \$861,000, or 8.1%, from the prior year. The decrease is primarily due to a decrease in net position restricted for mental health purposes. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$2,297,000 at June 30, 2014 to a deficit of approximately \$423,000 at the end of this year, a decrease of 118.4%. The decrease is due primarily to reporting the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental and Business Type Activities						
(Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30, 2014		June 30, 2014		June 30, 2014	
	2015	(Not Restated)	2015	2014	2015	(Not Restated)
Revenues:						
Program revenues:						
Charges for service	\$ 1,605	1,379	49	48	1,654	1,427
Operating grants and contributions	3,953	4,239	-	-	3,953	4,239
Capital grants and contributions	382	1,377	-	-	382	1,377
General revenues:						
Property and other county tax	7,799	7,642	-	-	7,799	7,642
Penalty and interest on property tax	70	65	-	-	70	65
State tax credits	428	418	-	-	428	418
Local option sales tax	535	513	-	-	535	513
Unrestricted investment earnings	43	43	-	-	43	43
Other general revenues	129	320	-	-	129	320
Total revenues	14,944	15,996	49	48	14,993	16,044
Program expenses:						
Public safety and legal services	2,409	2,449	-	-	2,409	2,449
Physical health and social services	1,467	1,414	-	-	1,467	1,414
Mental health	1,949	422	-	-	1,949	422
County environment and education	1,220	1,172	-	-	1,220	1,172
Roads and transportation	6,183	5,813	-	-	6,183	5,813
Governmental services to residents	623	562	-	-	623	562
Administration	1,211	1,337	-	-	1,211	1,337
Non-program	196	289	-	-	196	289
Interest on long-term debt	15	53	-	-	15	53
Water and wastewater disposal system	-	-	61	61	61	61
Total expenses	15,273	13,511	61	61	15,334	13,572
Change in net position	(329)	2,485	(12)	(13)	(341)	2,472
Net position beginning of year, as restated	43,053	43,808	1,530	1,543	44,583	45,351
Net position end of year	\$ 42,724	46,293	1,518	1,530	44,242	47,823

Revenues for governmental activities decreased approximately \$1,052,000 from the prior year. Capital grants, contributions and restricted interest decreased approximately \$995,000, primarily due to decreases in infrastructure assets contributed by the State of Iowa.

The County's countywide property tax rate decreased \$.40934 per \$1,000 of taxable valuation and the rural tax rate remained the same at \$3.42779 per \$1,000 of taxable valuation. The rural assessed property taxable valuation increased \$56,475,042. The countywide assessed property taxable valuation increased \$43,079,662.

The cost of all governmental activities this year was approximately \$15.3 million, approximately \$1,762,000 more than last year. Mental health function expenses increased approximately \$1,527,000, primarily due to distributions made to Southwest Iowa MHDS, the regional fiscal agent. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately \$9.3 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,605,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,335,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2015 from approximately \$6,995,000 to approximately \$5,940,000, principally due to receiving fewer contributions from the Iowa DOT for infrastructure projects.

INDIVIDUAL MAJOR FUND ANALYSIS

As Harrison County completed the year, its governmental funds reported a combined fund balance of approximately \$13.5 million, a decrease of approximately \$662,000 from last year's total of approximately \$14.2 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$69,000 and expenditures increased approximately \$33,000. Property tax increased approximately \$216,000 as a result of increased property valuations. The ending fund balance increased approximately \$542,000 over the prior year to approximately \$4,760,000.
- Beginning July 1, 2014, the County became a member of Southwest Iowa MHDS Region. Special Revenue, Mental Health Fund expenditures totaled approximately \$1,949,000, compared to approximately \$422,000 in the prior year. The increase in expenditures is primarily due to distributions made to the Region. Revenue decreased 3.2% from the prior year. The ending fund balance decreased approximately \$1,200,000 from the prior year to approximately \$70,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$199,000 and expenditures and transfers out increased approximately \$157,000. Property tax increased approximately \$193,000 as a result of an increase in the rural services basic levy and increased rural property valuations. The ending fund balance increased approximately \$60,000 over the prior year to approximately \$1,532,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$171,000 and expenditures increased approximately \$597,000. The ending fund balance decreased approximately \$53,000 from the prior year to approximately \$6,816,000.

Proprietary Fund Highlights

- The Enterprise, Water and Wastewater Disposal System Fund, which accounts for the operation and maintenance of the County's sanitary sewer system, ended fiscal year 2015 with a net position of \$1,517,718 compared to the prior year ending net position balance of \$1,530,329.

BUDGETARY HIGHLIGHTS

Over the course of the year, Harrison County amended its budget two times. The first amendment was made on November 20, 2014. This amendment was made to provide for additional disbursements to cover disbursements for a bridge project. The second amendment was made on May 21, 2015. This amendment was made to account for additional intergovernmental receipts and additional disbursements to cover general operating expenses for the public safety and legal services, physical health and social services, county environment and education, roads and transportation and administration functions.

The County's receipts were \$898,148 more than budgeted, a variance of 6.7%. Total disbursements were \$1,444,322 less than the amended budget, a variance of 9.1%. Actual disbursements for the capital projects and roads and transportation functions were \$185,055 and \$644,626, respectively, less than budgeted.

Even with the budget amendments, the County exceeded the budgeted amount in the mental health function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Harrison County had approximately \$35.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net decrease (including additions and deletions) of approximately \$19,000, or less than 1.0%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 2,127	2,127
Construction in progress	723	341
Buildings and improvements	3,826	3,897
Equipment and vehicles	4,939	4,829
Intangibles	1,004	1,017
Infrastructure	20,701	21,097
Total	\$ 33,320	33,308
This year's major additions include (in thousands):		
Capital assets contributed by the Iowa Department of Transportation	\$	382
Secondary Roads equipment and vehicles		664
Conservation capital improvements		173
Other County vehicles		63
Total	\$	1,282

Capital Assets of Business Type Activities at Year End (Expressed in Thousands)		
	June 30,	
	2015	2014
Infrastructure	\$ 2,115	2,146

For governmental activities, the County had depreciation/amortization expense of \$1,365,512 in fiscal year 2015 and total accumulated depreciation of \$25,650,125 at June 30, 2015. Capital assets for business type activities totaled \$2,115,248 (net of accumulated depreciation) at June 30, 2015. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2015, Harrison County had approximately \$1,022,000 of debt outstanding, compared to approximately \$1,068,000 at June 30, 2014, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2015	2014
Drainage warrants	\$ 321	356

Outstanding Debt of Business Type Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2015	2014
USDA sewer revenue notes	\$ 701	712

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Harrison County has no outstanding general obligation debt. The constitutional debt limit of Harrison County is approximately \$82.1 million. Additional information about the County's long-term debt is included in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Harrison County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.2% versus 4.0% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are approximately \$24 million, a decrease of 2.3% from the final fiscal year 2015 budget. Disbursements are expected to decrease 4.0% from the final fiscal year 2015 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,098,000 by the close of fiscal year 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Harrison County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Harrison County Auditor's Office, 111 North Second Ave. Logan, IA 51546.

Basic Financial Statements

Harrison County

Harrison County
Statement of Net Position
June 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 11,006,236	99,566	11,105,802
Receivables:			
Property tax:			
Delinquent	26,555	-	26,555
Succeeding year	7,843,000	-	7,843,000
Interest and penalty on property tax	42,857	-	42,857
Accounts	28,366	4,032	32,398
Accrued interest	2,125	-	2,125
Drainage assessments	396,985	-	396,985
Due from other governments	540,229	-	540,229
Inventories	2,389,832	-	2,389,832
Prepaid Items	17,525	-	17,525
Capital assets, net of accumulated depreciation/amortization	33,320,496	2,115,248	35,435,744
Total assets	55,614,206	2,218,846	57,833,052
Deferred Outflows of Resources			
Pension related deferred outflows	579,860	-	579,860
Liabilities			
Accounts payable	399,681	-	399,681
Accrued interest payable	24,752	-	24,752
Salaries and benefits payable	66,534	-	66,534
Due to other governments	34,594	-	34,594
Long-term liabilities:			
Portion due or payable within one year:			
USDA sewer revenue notes	-	10,827	10,827
Compensated absences	186,422	-	186,422
Portion due or payable after one year:			
USDA sewer revenue notes	-	690,301	690,301
Compensated absences	878,438	-	878,438
Drainage warrants	320,605	-	320,605
Net pension liability	2,257,312	-	2,257,312
Net OPEB liability	175,702	-	175,702
Total liabilities	4,344,040	701,128	5,045,168
Deferred Inflows of Resources			
Unavailable property tax revenue	7,843,000	-	7,843,000
Pension related deferred inflows	1,282,812	-	1,282,812
Total deferred inflows of resources	9,125,812	-	9,125,812
Net Position			
Net investment in capital assets	33,320,496	1,414,120	34,734,616
Restricted for:			
Supplemental levy purposes	1,470,351	-	1,470,351
Mental health purposes	70,850	-	70,850
Rural services purposes	1,521,670	-	1,521,670
Secondary roads purposes	6,047,277	-	6,047,277
Debt service	1,463	35,775	37,238
Capital projects	-	22,454	22,454
Drainage district purposes	30,726	-	30,726
Other purposes	684,256	-	684,256
Unrestricted	(422,875)	45,369	(377,506)
Total net position	\$ 42,724,214	1,517,718	44,241,932

See notes to financial statements.

Harrison County

Statement of Activities

Year ended June 30, 2015

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 2,408,507	150,347	26,198	-
Physical health and social services	1,467,250	648,545	285,096	-
Mental health	1,948,667	-	55,037	-
County environment and education	1,220,249	224,006	85,498	-
Roads and transportation	6,183,107	59,264	3,492,347	382,064
Governmental services to residents	622,516	268,838	-	-
Administration	1,211,319	25,074	8,690	-
Non-program	195,713	229,263	-	-
Interest on long-term debt	15,205	-	-	-
Total governmental activities	15,272,533	1,605,337	3,952,866	382,064
Business type activities:				
Water and wastewater disposal system	60,995	48,384	-	-
Total	\$ 15,333,528	1,653,721	3,952,866	382,064

General Revenues:

Property and other county tax levied for general purposes
 Penalty and interest on property tax
 State tax credits
 Local option sales tax
 Unrestricted investment earnings
 Miscellaneous
 Total general revenues
 Change in net position
 Net position beginning of year, as restated
 Net position end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(2,231,962)	-	(2,231,962)
(533,609)	-	(533,609)
(1,893,630)	-	(1,893,630)
(910,745)	-	(910,745)
(2,249,432)	-	(2,249,432)
(353,678)	-	(353,678)
(1,177,555)	-	(1,177,555)
33,550	-	33,550
(15,205)	-	(15,205)
(9,332,266)	-	(9,332,266)
-	(12,611)	(12,611)
(9,332,266)	(12,611)	(9,344,877)
7,798,705	-	7,798,705
70,393	-	70,393
427,700	-	427,700
534,654	-	534,654
43,262	-	43,262
128,778	-	128,778
9,003,492	-	9,003,492
(328,774)	(12,611)	(341,385)
43,052,988	1,530,329	44,583,317
\$ 42,724,214	1,517,718	44,241,932

Harrison County
Balance Sheet
Governmental Funds

June 30, 2015

	Special Revenue		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 4,648,254	68,966	1,509,628
Receivables:			
Property tax:			
Delinquent	22,483	1,884	2,188
Succeeding year	5,308,000	445,000	2,090,000
Interest and penalty on property tax	42,857	-	-
Accounts	26,175	-	1,275
Accrued interest	2,125	-	-
Drainage assessments	-	-	-
Due from other funds	9,284	-	-
Due from other governments	117,680	13,122	21,842
Inventories	-	-	-
Prepaid items	17,525	-	-
Total assets	\$ 10,194,383	528,972	3,624,933
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 67,375	-	184
Salaries and benefits payable	11,952	-	423
Due to other funds	-	-	-
Due to other governments	16,241	13,122	514
Total liabilities	95,568	13,122	1,121
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,308,000	445,000	2,090,000
Other	30,636	822	1,987
Total deferred inflows of resources	5,338,636	445,822	2,091,987
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	17,525	-	-
Restricted for:			
Supplemental levy purposes	1,618,658	-	-
Mental health purposes	-	70,028	-
Rural services purposes	-	-	1,531,825
Secondary roads purposes	-	-	-
Conservation land acquisition	280,763	-	-
Other purposes	42,148	-	-
Assigned for conservation	88,780	-	-
Unassigned	2,712,305	-	-
Total fund balances	4,760,179	70,028	1,531,825
Total liabilities, deferred inflows of resources and fund balances	\$ 10,194,383	528,972	3,624,933

See notes to financial statements.

Secondary Roads	Nonmajor	Total
4,406,165	373,223	11,006,236
-	-	26,555
-	-	7,843,000
-	-	42,857
-	916	28,366
-	-	2,125
-	396,985	396,985
-	-	9,284
387,585	-	540,229
2,389,832	-	2,389,832
-	-	17,525
<u>7,183,582</u>	<u>771,124</u>	<u>22,302,994</u>
299,889	32,233	399,681
54,159	-	66,534
9,284	-	9,284
4,717	-	34,594
<u>368,049</u>	<u>32,233</u>	<u>510,093</u>
-	-	7,843,000
-	396,985	430,430
-	396,985	8,273,430
2,389,832	-	2,389,832
-	-	17,525
-	-	1,618,658
-	-	70,028
-	-	1,531,825
4,425,701	-	4,425,701
-	-	280,763
-	341,906	384,054
-	-	88,780
-	-	2,712,305
<u>6,815,533</u>	<u>341,906</u>	<u>13,519,471</u>
<u>7,183,582</u>	<u>771,124</u>	<u>22,302,994</u>

Harrison County

Harrison County

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

June 30, 2015

Total governmental fund balances (page 23)		\$ 13,519,471
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$58,970,621 and the accumulated depreciation/amortization is \$25,650,125.		33,320,496
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.		430,430
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	\$ 579,860	
Deferred inflows of resources	<u>(1,282,812)</u>	(702,952)
Long-term liabilities, including drainage warrants payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(3,843,231)</u>
Net position of governmental activities (page 19)		<u><u>\$ 42,724,214</u></u>

See notes to financial statements.

Harrison County

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

Year ended June 30, 2015

	General	Special Revenue	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 5,055,320	651,469	2,097,951
Local option sales tax	-	-	133,663
Interest and penalty on property tax	75,214	-	-
Intergovernmental	1,199,024	96,055	106,168
Licenses and permits	100	-	17,431
Charges for service	560,083	-	12,150
Use of money and property	79,296	-	-
Fines, forfeitures and defaults	44,122	-	-
Miscellaneous	207,615	1,004	212
Total revenues	7,220,774	748,528	2,367,575
Expenditures:			
Operating:			
Public safety and legal services	2,310,433	-	105,447
Physical health and social services	1,430,789	-	80,967
Mental health	-	1,948,667	-
County environment and education	792,830	-	227,092
Roads and transportation	-	-	-
Governmental services to residents	641,822	-	-
Administration	1,181,959	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	197,449	-	-
Total expenditures	6,555,282	1,948,667	413,506
Excess (deficiency) of revenues over (under) expenditures	665,492	(1,200,139)	1,954,069
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(123,500)	-	(1,894,000)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(123,500)	-	(1,894,000)
Change in fund balances	541,992	(1,200,139)	60,069
Fund balances beginning of year	4,218,187	1,270,167	1,471,756
Fund balances end of year	\$ 4,760,179	70,028	1,531,825

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	-	7,804,740
400,991	-	534,654
-	-	75,214
3,492,347	19,680	4,913,274
2,085	-	19,616
40	2,789	575,062
-	301	79,597
-	-	44,122
88,178	201,254	498,263
3,983,641	224,024	14,544,542
-	-	2,415,880
-	-	1,511,756
-	-	1,948,667
-	2,590	1,022,512
5,828,631	-	5,828,631
-	630	642,452
-	-	1,181,959
-	195,713	195,713
-	254,272	254,272
205,988	2,709	406,146
6,034,619	455,914	15,407,988
(2,050,978)	(231,890)	(863,446)
1,997,500	20,000	2,017,500
-	-	(2,017,500)
-	201,742	201,742
1,997,500	221,742	201,742
(53,478)	(10,148)	(661,704)
6,869,011	352,054	14,181,175
6,815,533	341,906	13,519,471

Harrison County

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

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 27) \$ (661,704)

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

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

Expenditures for capital assets	\$ 1,026,491	
Capital assets contributed by the Iowa Department of Transportation	382,064	
Depreciation/amortization expense	<u>(1,365,512)</u>	43,043

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (30,493)

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	(6,035)	
Other	<u>23,188</u>	17,153

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

Issued	(201,742)	
Repaid	<u>237,550</u>	35,808

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. 449,452

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	(5,141)	
Other postemployment benefits	(9,102)	
Pension expense	(169,307)	
Interest on long-term debt	<u>1,517</u>	<u>(182,033)</u>

Change in net position of governmental activities (page 21) \$ (328,774)

See notes to financial statements.

Harrison County
Statement of Net Position
Proprietary Fund

June 30, 2015

	<u>Enterprise</u> <u>Water and</u> <u>Wastewater</u> <u>Disposal</u> <u>System</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 99,566
Accounts receivable	4,032
Total current assets	<u>103,598</u>
Capital assets, net of accumulated depreciation	<u>2,115,248</u>
Total assets	<u>2,218,846</u>
Liabilities	
Current liabilities:	
USDA sewer revenue notes	10,827
Long-term liabilities:	
USDA sewer revenue notes	<u>690,301</u>
Total liabilities	<u>701,128</u>
Net Position	
Net investment in capital assets	1,414,120
Restricted for:	
Debt service	35,775
Capital projects	22,454
Unrestricted	<u>45,369</u>
Total net position	<u>\$ 1,517,718</u>

See notes to financial statements.

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

Year ended June 30, 2015

	<u>Enterprise</u>
	<u>Water and</u>
	<u>Wastewater</u>
	<u>Disposal</u>
	<u>System</u>
Operating revenues:	
Charges for service	\$ 48,384
Operating expenses:	
Depreciation	<u>31,107</u>
Operating income	17,277
Non-operating expense:	
Interest expense	<u>(29,888)</u>
Change in net position	(12,611)
Net position beginning of year	<u>1,530,329</u>
Net position end of year	<u><u>\$ 1,517,718</u></u>

See notes to financial statements.

Harrison County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2015

	<u>Enterprise</u>
	<u>Water and</u>
	<u>Wastewater</u>
	<u>Disposal</u>
	<u>System</u>
Cash flows from operating activities:	
Cash received from sewer fees	\$ 48,384
Cash flows from capital and related financing activities:	
Principal paid on USDA sewer revenue notes	(10,391)
Interest paid on USDA sewer revenue notes	(29,888)
Net cash used by capital and related financing activities	<u>(40,279)</u>
Net increase in cash and cash equivalents	8,105
Cash and cash equivalents beginning of year	<u>91,461</u>
Cash and cash equivalents end of year	<u><u>\$ 99,566</u></u>
Reconciliation of operating income to net cash	
provided by operating activities:	
Operating income	\$ 17,277
Adjustment to reconcile operating income to net cash	
provided by operating activities:	
Depreciation	<u>31,107</u>
Net cash provided by operating activities	<u><u>\$ 48,384</u></u>

See notes to financial statements.

Harrison County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,531,350
Other County officials	60,298

Receivables:

Property tax receivable:

Delinquent	101,534
Succeeding year	15,569,000
Accounts	410
Drainage assessments	155,369
Special assessments	129,329

Total assets

17,547,290

Liabilities

Accounts payable	122,184
Stamped warrants payable	70,880
Salaries and benefits payable	4,797
Due to other governments	17,262,753
Trusts payable	13,596
Compensated absences	73,080

Total liabilities

17,547,290

Net position

\$ -

See notes to financial statements.

Harrison County
Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The

County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission and County Joint 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.

In addition, the County is involved in the following jointly governed organizations: Southwest Iowa Planning Council, Southwest Iowa Juvenile Emergency Services Board, Harrison County Landfill Commission, Southwest Iowa MHDS and WESCO Industries. Financial transactions of these organizations are not included in the County's financial statements.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 90 days after year end.

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at 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. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected.

Due from 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 or received 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, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	3 - 15

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 which applies to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within ninety days after year end.

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the mental health function. In addition, disbursements in one department exceeded the amount appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

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

(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: Secondary Roads	<u>\$ 9,284</u>

This balance results 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:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 123,500
	Special Revenue:	
	Rural Services	1,874,000
		<u>1,997,500</u>
Special Revenue:	Special Revenue:	
Flood and Erosion	Rural Services	20,000
Total		<u>\$ 2,017,500</u>

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

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 16,241
Special Revenue:		
Mental Health	Services	13,122
Rural Services	Services	514
Secondary Roads	Services	4,717
		<u>18,353</u>
Total for governmental funds		<u>\$ 34,594</u>
Agency:		
County Offices	Collections	\$ 50,519
Agricultural Extension Education		212,448
County Assessor		576,065
Schools		10,560,566
Community Colleges		925,014
Corporations		3,484,636
Townships		392,837
Auto License and Use Tax		417,504
Drainage Districts		50,914
E911 Service Commission		371,819
All other		220,431
Total for agency funds		<u>\$ 17,262,753</u>

(6) 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/amortized:				
Land	\$ 2,127,083	-	-	2,127,083
Intangibles, road network	978,728	-	-	978,728
Construction in progress	340,793	576,283	(194,219)	722,857
Total capital assets not being depreciated	3,446,604	576,283	(194,219)	3,828,668
Capital assets being depreciated/amortized:				
Buildings	6,119,140	58,196	-	6,177,336
Improvements other than buildings	132,994	24,693	-	157,687
Equipment and vehicles	9,919,163	1,096,734	(905,032)	10,110,865
Intangibles	63,559	-	-	63,559
Infrastructure, road network and other	38,438,287	194,219	-	38,632,506
Total capital assets being depreciated/amortized	54,673,143	1,373,842	(905,032)	55,141,953
Less accumulated depreciation/amortization for:				
Buildings	2,341,195	144,327	-	2,485,522
Improvements other than buildings	13,877	9,408	-	23,285
Equipment and vehicles	5,089,930	608,787	(527,188)	5,171,529
Intangibles	25,424	12,712	-	38,136
Infrastructure, road network and other	17,341,375	590,278	-	17,931,653
Total accumulated depreciation/amortization	24,811,801	1,365,512	(527,188)	25,650,125
Total capital assets being depreciated/amortized, net	29,861,342	8,330	(377,844)	29,491,828
Governmental activities capital assets, net	\$33,307,946	584,613	(572,063)	33,320,496
Business type activities:				
Capital assets being depreciated:				
Infrastructure	\$ 2,332,995	-	-	2,332,995
Less accumulated depreciation for:				
Infrastructure	186,640	31,107	-	217,747
Total capital assets being depreciated, net	\$ 2,146,355	(31,107)	-	2,115,248

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 120,008
Physical health and social services	19,576
County environment and education	99,054
Roads and transportation	1,064,956
Governmental services to residents	15,271
Administration	46,647
Total depreciation/amortization expense - governmental activities	<u>\$ 1,365,512</u>
Business type activities:	
Water and wastewater disposal system	<u>\$ 31,107</u>

(7) Long-Term Liabilities

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

	Drainage Warrants	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Governmental activities:					
Balance beginning of year, as restated	\$ 356,413	1,059,719	3,684,442	166,600	5,267,174
Increases	201,742	414,758	-	21,470	637,970
Decreases	237,550	409,617	1,427,130	12,368	2,086,665
Balance end of year	\$ 320,605	1,064,860	2,257,312	175,702	3,818,479
Due within one year	\$ -	186,422	-	-	186,422

	USDA Sewer Revenue Notes
Business type activities:	
Balance beginning of year	\$ 711,519
Increases	-
Decreases	10,391
Balance end of year	\$ 701,128
Due within one year	\$ 10,827

USDA Sewer Revenue Notes

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	4.125-4.250%	\$ 10,827	29,452	40,279
2017	4.125-4.250	11,282	28,997	40,279
2018	4.125-4.250	11,755	28,524	40,279
2019	4.125-4.250	12,250	28,029	40,279
2020	4.125-4.250	12,764	27,515	40,279
2021-2025	4.125-4.250	72,325	129,070	201,395
2026-2030	4.125-4.250	88,845	112,550	201,395
2031-2035	4.125-4.250	109,138	92,257	201,395
2036-2040	4.125-4.250	134,067	67,328	201,395
2041-2045	4.125-4.250	164,694	36,701	201,395
2046-2047	4.125-4.250	73,181	4,587	77,768
Total		\$ 701,128	585,010	1,286,138

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$758,000 of sewer revenue notes issued in June 2008. The notes mature annually on July 1 and bear interest at 4.125% to 4.250% per annum, which is also due and payable on July 1. Proceeds from the notes provided financing for the construction of water and wastewater disposal systems in the Little Sioux and River Sioux communities. The notes are payable solely from sewer customer net revenues and are payable through 2047. The total principal and interest remaining to be paid on the notes is \$1,286,138. For the current year, principal and interest paid and total customer net revenues were \$40,279 and \$17,277, respectively.

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

- (a) Sufficient monthly transfers shall be made to a debt service account for the purpose of making the principal and interest payments when due.
- (b) Additional monthly transfers of \$337 shall be made to a sewer revenue reserve account until \$40,279 has been accumulated. This account is restricted for the purpose of paying principal and interest payments on the notes.
- (c) Monthly transfers of \$265 shall be made to a short-lived asset depreciation account for future capital improvements.
- (d) The County is required to submit a budget projection for the next fiscal year to the USDA Rural Development Office for approval by February 15 each year.
- (e) The County is required to submit a year-end report to the USDA Rural Development Office by August 30 each year.

Drainage Warrants

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

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

(8) Pension Plan

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

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

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

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

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1%. 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 \$449,452.

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 \$2,257,312 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .0569179%, which was a decrease of .007252% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$169,307. 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	\$ 25,769	29,938
Changes of assumptions	104,639	26,321
Net difference between projected and actual earnings on pension plan investments	-	1,186,055
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	-	40,498
County contributions subsequent to the measurement date	449,452	-
Total	\$ 579,860	1,282,812

\$449,452 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	\$ (288,651)
2017	(288,651)
2018	(288,651)
2019	(288,651)
2020	2,200
Total	\$ (1,152,404)

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset):	\$ 4,969,847	\$2,257,312	\$ (30,304)

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.

(9) Other Postemployment Benefits (OPEB)

Plan Description - The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 116 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$24,201
Interest on net OPEB obligation	7,497
Adjustment to annual required contribution	<u>(10,228)</u>
Annual OPEB cost	21,470
Contributions made	<u>(12,368)</u>
Increase in net OPEB obligation	9,102
Net OPEB obligation beginning of year	<u>166,600</u>
Net OPEB obligation end of year	<u>\$175,702</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 \$12,368 to the medical plan. Plan members eligible for benefits contributed \$22,125, or 64% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 20,000	31.5%	\$ 152,100
2014	20,000	27.5	166,600
2015	21,470	57.6	175,702

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 (AAL) was approximately \$199,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$199,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,303,000 and the ratio of the UAAL to covered payroll was 4.6%. 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 projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

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

Projected claim costs of the medical plan range from \$692 to \$2,116 per month for retirees less than age 65. The salary increase rate was assumed to be 2.75% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

(10) Risk Management

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

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

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

The County's property and casualty contributions to the 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 \$240,871.

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 payments of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or loss was incurred.

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

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

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

(11) Secondary Roads Department Insurance Benefit

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

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

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

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

For the year ended June 30, 2015, nine employees have retired and received benefits totaling \$50,592 under the program.

(12) Financial Assurance

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

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 567-104.26(5) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2015 are \$2,455,219 and the County's financial assurance obligation amount is \$1,339,107. At June 30, 2015, the County has met the guarantor conditions outlined in Chapter 567-104.26(5) of the Iowa Administrative Code.

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

(13) County Financial Information Included in the Southwest Iowa MHDS Region

Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 1, 2014, includes the following member counties: Cass County, Fremont County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County, Shelby County and Harrison County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2015, as follows:

Revenues:

Property and other county tax		\$ 651,469
Intergovernmental:		
State tax credits and replacements	\$ 40,073	
Social services block grant	55,037	
Other	945	96,055
Miscellaneous		1,004
Total revenues		<u>748,528</u>

Expenditures:

General administration:		
Direct administration		306
Distribution to regional fiscal agent		1,948,361
Total expenditures		<u>1,948,667</u>
Excess of expenditures over revenues		(1,200,139)
Fund balance beginning of year		<u>1,270,167</u>
Fund balance end of year		<u>\$ 70,028</u>

(14) Subsequent Event

In February 2016, the County issued \$1,445,000 of general obligation capital loan notes on behalf of the Harrison County Landfill. The notes are dated February 1, 2016 and bear interest at rates ranging from 1.00% to 3.00% per annum. Pursuant to an agreement between the County and the Landfill, the Landfill will reimburse the County for the principal and interest on the notes as they come due.

(15) Accounting Change/Restatement

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

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 46,293,397
Net pension liability at June 30, 2014	(3,684,442)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>444,033</u>
Net position July 1, 2014, as restated	<u><u>\$ 43,052,988</u></u>

Harrison County

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,322,007	-	8,322,007
Interest and penalty on property tax	54,638	-	54,638
Intergovernmental	4,871,395	-	4,871,395
Licenses and permits	20,616	-	20,616
Charges for service	567,192	-	567,192
Use of money and property	85,761	33	85,728
Miscellaneous	577,815	204,568	373,247
Total receipts	14,499,424	204,601	14,294,823
Disbursements:			
Public safety and legal services	2,408,419	-	2,408,419
Physical health and social services	1,511,535	-	1,511,535
Mental health	1,954,604	-	1,954,604
County environment and education	1,021,399	-	1,021,399
Roads and transportation	5,274,374	-	5,274,374
Governmental services to residents	642,785	-	642,785
Administration	1,223,892	-	1,223,892
Non-program	220,937	220,937	-
Debt service	52,530	52,530	-
Capital projects	414,945	-	414,945
Total disbursements	14,725,420	273,467	14,451,953
Excess (deficiency) of receipts over (under) disbursements	(225,996)	(68,866)	(157,130)
Balance beginning of year	11,232,232	78,693	11,153,539
Balance end of year	\$ 11,006,236	9,827	10,996,409

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
8,361,536	8,361,536	(39,529)
51,000	51,000	3,638
3,788,379	3,989,379	882,016
33,075	33,075	(12,459)
642,185	638,885	(71,693)
123,040	123,040	(37,312)
199,760	199,760	173,487
13,198,975	13,396,675	898,148
2,629,208	2,639,208	230,789
1,637,229	1,660,879	149,344
1,952,289	1,952,289	(2,315)
1,060,913	1,085,113	63,714
6,005,000	5,919,000	644,626
680,957	680,957	38,172
1,334,829	1,358,829	134,937
-	-	-
-	-	-
380,000	600,000	185,055
15,680,425	15,896,275	1,444,322
(2,481,450)	(2,499,600)	2,342,470
9,838,566	11,129,466	24,073
7,357,116	8,629,866	2,366,543

Harrison 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	\$ 14,499,424	45,118	14,544,542
Expenditures	14,725,420	682,568	15,407,988
Net	(225,996)	(637,450)	(863,446)
Other financing sources, net	-	201,742	201,742
Beginning fund balances	11,232,232	2,948,943	14,181,175
Ending fund balances	<u>\$ 11,006,236</u>	<u>2,513,235</u>	<u>13,519,471</u>

See accompanying independent auditor's report.

Harrison County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$215,850. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the mental health function. In addition, disbursements in one department exceeded the amount appropriated.

Harrison County

Harrison County

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

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

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.0569179%
County's collective proportionate share of the net pension liability (asset)	\$ 2,257
County's covered-employee payroll	\$ 4,860
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.44%
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.

Harrison 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	\$ 449	444	427	421
Contributions in relation to the statutorily required contribution	<u>(449)</u>	<u>(444)</u>	<u>(427)</u>	<u>(421)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 4,934	4,860	4,780	4,997
Contributions as a percentage of covered-employee payroll	9.10%	9.14%	8.93%	8.43%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
348	319	300	278	259	246
<u>(348)</u>	<u>(319)</u>	<u>(300)</u>	<u>(278)</u>	<u>(259)</u>	<u>(246)</u>
-	-	-	-	-	-
4,687	4,558	4,502	4,434	4,250	4,029
7.42%	7.00%	6.66%	6.27%	6.09%	6.11%

Harrison 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.

Harrison County

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

Required Supplementary Information

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

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

See accompanying independent auditor's report.

Supplementary Information

Harrison County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2015

		County Recorder's Records Management	Urban Renewal Revenue	Resource Enhance- ment and Protection
Assets				
Cash, cash equivalents and pooled investments	\$	8,239	122,448	63,825
Receivables:				
Accounts		-	-	-
Drainage assessments		-	-	-
Total assets	\$	8,239	122,448	63,825
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Other		-	-	-
Fund balances:				
Restricted for other purposes		8,239	122,448	63,825
Total liabilities, deferred inflows of resources and fund balances	\$	8,239	122,448	63,825

See accompanying independent auditor's report.

Special Revenue					
Flood and Erosion	Seizures	Drug Search and Seizures	Drainage Districts	Debt Service	Total
151,015	1,600	14,806	9,827	1,463	373,223
-	-	-	916	-	916
-	-	-	396,985	-	396,985
151,015	1,600	14,806	407,728	1,463	771,124
588	-	-	31,645	-	32,233
-	-	-	396,985	-	396,985
150,427	1,600	14,806	(20,902)	1,463	341,906
151,015	1,600	14,806	407,728	1,463	771,124

Harrison County

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

Year ended June 30, 2015

	County Recorder's Records Management	Urban Renewal Revenue	Resource Enhance- ment and Protection
Revenues:			
Intergovernmental	\$ -	-	14,296
Charges for service	2,714	-	-
Use of money and property	28	-	240
Miscellaneous	-	-	-
Total revenues	2,742	-	14,536
Expenditures:			
Operating:			
County environment and education	-	-	-
Governmental services to residents	630	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	2,709
Total expenditures	630	-	2,709
Excess (deficiency) of revenues over (under) expenditures	2,112	-	11,827
Other financing sources:			
Transfers in	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources	-	-	-
Change in fund balances	2,112	-	11,827
Fund balances beginning of year	6,127	122,448	51,998
Fund balances end of year	\$ 8,239	122,448	63,825

See accompanying independent auditor's report.

Special Revenue						
Flood and Erosion	Seizures	Drug Search and Seizures	Drainage Districts	Debt Service	Total	
5,384	-	-	-	-	19,680	
-	-	75	-	-	2,789	
-	-	-	33	-	301	
-	-	-	201,254	-	201,254	
5,384	-	75	201,287	-	224,024	
2,590	-	-	-	-	2,590	
-	-	-	-	-	630	
-	-	-	195,713	-	195,713	
-	-	-	254,272	-	254,272	
-	-	-	-	-	2,709	
2,590	-	-	449,985	-	455,914	
2,794	-	75	(248,698)	-	(231,890)	
20,000	-	-	-	-	20,000	
-	-	-	201,742	-	201,742	
20,000	-	-	201,742	-	221,742	
22,794	-	75	(46,956)	-	(10,148)	
127,633	1,600	14,731	26,054	1,463	352,054	
150,427	1,600	14,806	(20,902)	1,463	341,906	

Harrison County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	6,578	136,117	146,101
Other County officials	60,298	-	-	-
Receivables:				
Property tax:				
Delinquent	-	870	1,919	43,465
Succeeding year	-	205,000	453,000	10,371,000
Accounts	410	-	-	-
Drainage assessments	-	-	-	-
Special assessments	-	-	-	-
Total assets	\$ 60,708	212,448	591,036	10,560,566
Liabilities				
Accounts payable	\$ -	-	275	-
Stamped warrants payable	-	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other governments	50,519	212,448	576,065	10,560,566
Trusts payable	10,189	-	-	-
Compensated absences	-	-	14,696	-
Total liabilities	\$ 60,708	212,448	591,036	10,560,566

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	E911 Service Commission	Other	Total
12,137	64,470	4,277	417,504	60,688	375,708	307,770	1,531,350
-	-	-	-	-	-	-	60,298
3,877	50,837	560	-	-	-	6	101,534
909,000	3,240,000	388,000	-	-	-	3,000	15,569,000
-	-	-	-	-	-	-	410
-	-	-	-	155,369	-	-	155,369
-	129,329	-	-	-	-	-	129,329
925,014	3,484,636	392,837	417,504	216,057	375,708	310,776	17,547,290
-	-	-	-	94,263	3,889	23,757	122,184
-	-	-	-	70,880	-	-	70,880
-	-	-	-	-	-	4,797	4,797
925,014	3,484,636	392,837	417,504	50,914	371,819	220,431	17,262,753
-	-	-	-	-	-	3,407	13,596
-	-	-	-	-	-	58,384	73,080
925,014	3,484,636	392,837	417,504	216,057	375,708	310,776	17,547,290

Harrison County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 49,707	208,070	364,436	11,388,948
Additions:				
Property and other county tax	-	205,690	454,419	10,402,353
E911 surcharge	-	-	-	-
State tax credits	-	12,410	15,789	701,464
Office fees and collections	416,377	-	-	-
Drivers license fees, auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	342,866	-	-	-
Miscellaneous	-	293	372	18,831
Total additions	759,243	218,393	470,580	11,122,648
Deductions:				
Agency remittances:				
To other funds	280,489	-	-	-
To other governments	166,902	214,015	243,980	11,951,030
Trusts paid out	300,851	-	-	-
Total deductions	748,242	214,015	243,980	11,951,030
Balances end of year	\$ 60,708	212,448	591,036	10,560,566

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	E911 Service Commission	Other	Total
928,237	3,373,499	367,252	384,939	162,652	310,311	312,851	17,850,902
911,935	3,154,506	392,200	-	-	-	2,606	15,523,709
-	-	-	-	-	289,251	-	289,251
56,693	323,663	18,593	-	-	-	161	1,128,773
-	-	-	-	-	-	-	416,377
-	-	-	5,073,568	-	-	-	5,073,568
-	90,066	-	-	203,652	-	-	293,718
-	-	-	-	-	-	187,442	530,308
1,332	-	627	-	53,659	1,420	543,793	620,327
969,960	3,568,235	411,420	5,073,568	257,311	290,671	734,002	23,876,031
-	-	-	183,919	-	-	-	464,408
973,183	3,457,098	385,835	4,857,084	274,786	225,274	548,635	23,297,822
-	-	-	-	-	-	187,442	488,293
973,183	3,457,098	385,835	5,041,003	274,786	225,274	736,077	24,250,523
925,014	3,484,636	392,837	417,504	145,177	375,708	310,776	17,476,410

Harrison County

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

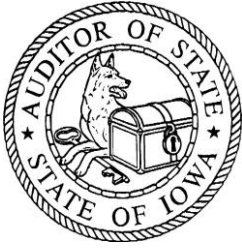
For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 7,804,740	7,629,735	7,429,208	7,098,326
Local option sales tax	534,654	513,285	522,321	546,939
Interest and penalty on property tax	75,214	51,754	60,439	65,004
Intergovernmental	4,913,274	4,978,749	4,756,592	5,960,567
Licenses and permits	19,616	25,459	25,560	25,720
Charges for service	575,062	609,465	579,504	582,727
Use of money and property	79,597	85,567	90,198	133,550
Fines, forfeitures and defaults	44,122	45,733	49,061	39,033
Miscellaneous	498,263	704,306	451,410	668,214
Total	\$ 14,544,542	14,644,053	13,964,293	15,120,080
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,415,880	2,356,457	2,106,847	2,035,838
Physical health and social services	1,511,756	1,431,137	1,355,308	1,358,033
Mental health	1,948,667	422,482	626,524	2,197,433
County environment and education	1,022,512	958,910	835,306	877,584
Roads and transportation	5,828,631	5,436,955	4,867,329	5,363,814
Governmental services to residents	642,452	623,390	480,604	488,248
Administration	1,181,959	1,263,263	1,961,223	1,925,661
Non-program	195,713	289,000	465,692	312,935
Debt service	254,272	544,716	264,555	615,016
Capital projects	406,146	329,727	255,259	619,964
Total	\$ 15,407,988	13,656,037	13,218,647	15,794,526

See accompanying independent auditor's report.

Modified Accrual Basis						
2011	2010	2009	2008	2007	2006	
6,714,586	6,324,557	6,188,195	5,875,034	5,729,568	5,336,897	
475,243	447,734	477,574	465,664	425,289	462,321	
74,186	60,545	53,180	50,829	57,510	59,258	
6,324,666	6,481,561	5,789,828	5,194,003	4,776,739	4,677,346	
24,442	36,719	33,362	23,574	23,574	22,645	
639,350	1,345,004	1,370,879	1,345,927	1,422,647	1,349,341	
147,662	77,311	163,130	329,746	387,284	317,305	
21,498	-	-	-	-	-	
713,221	665,874	760,792	814,032	798,075	867,002	
15,134,854	15,439,305	14,836,940	14,098,809	13,620,686	13,092,115	
1,955,517	1,719,725	1,907,119	1,865,471	1,782,628	1,749,112	
1,357,012	1,336,131	1,594,390	1,711,280	1,448,676	1,382,657	
1,856,540	1,629,060	1,786,275	2,022,201	1,801,955	1,518,473	
879,407	1,526,616	2,309,032	1,196,058	1,294,395	1,002,246	
4,687,625	4,479,948	4,523,788	5,065,406	5,246,078	5,244,431	
456,336	441,937	507,148	484,491	431,554	559,230	
1,915,157	1,735,155	1,679,182	1,292,617	1,288,661	1,086,407	
276,279	-	-	-	-	-	
465,855	493,923	515,633	480,546	567,026	564,952	
579,323	1,541,345	-	-	185,004	59,645	
14,429,051	14,903,840	14,822,567	14,118,070	14,045,977	13,167,153	

Harrison County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Officials of Harrison County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Harrison County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 16, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that 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 significant deficiencies.

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

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

Compliance and Other Matters

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

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


Harrison County's Responses to the Findings


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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 16, 2016

Harrison 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.

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

Harrison County

Schedule of Findings

Year ended June 30, 2015

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Evidence of the review of reconciliations and receipts should be documented by the signature or initials of the independent reviewer and the date of the review.

Responses –

Extension Office – I will attempt to have another employee help when available to open mail and look over receipts. I will also have the County program coordinator or an extension council member look over the bank statements and initial them.

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

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

Conservation/Welcome Center – We will work towards it.

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

Conclusion – Responses accepted.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables, inventories and capital asset additions and deletions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, inventories and capital asset additions and deletions are identified and included in the County's financial statements.

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

Conclusion – Response accepted.

Harrison County
Schedule of Findings
Year ended June 30, 2015

(C) Payroll – Certain salaried employees were paid in advance of the wages being earned.

Recommendation – The Board of Supervisors should not allow salary payments in advance of wages earned.

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

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

(D) Prisoner Room and Board – The following internal control deficiencies related to prisoner room and board were identified:

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

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

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

Conclusion – Response accepted.

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

The County does not have written policies for:

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

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

Harrison County
Schedule of Findings
Year ended June 30, 2015

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

Response – The Board will direct the computer committee to work on these policies.

Conclusion – Response accepted.

- (F) Welcome Center Inventory – The Welcome Center operates the Iowa Products Store which sells merchandise, including food, beverages, clothing, crafts and a wide variety of souvenirs. Inventory records are not adequately maintained.

Recommendation – To facilitate proper control over the merchandise, the County should implement procedures to ensure complete inventory records are maintained and kept current.

Response – We will work to implement more detailed inventory reports.

Conclusion – Response accepted.

- (G) Conservation Welcome Center – Monthly reconciliations of book and bank balances were not prepared. A list of outstanding checks was not always prepared for each month.

The Conservation Welcome Center did not prepare a year-to-date summary of receipts and disbursements for financial reporting.

The daily credit card and cash sales records are not reconciled to deposits by an independent person. Voided receipts are not reviewed. Additionally, fees for credit card processing are automatically deducted from the Welcome Center’s checking account. These amounts were not included in the County’s budget or financial reports.

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

An independent review of the reconciliation of daily collections to deposit and voided receipts should be performed periodically. The review of the reconciliation should be documented by the signature or initials of the reviewer and the date of the review. The credit card processing fees should be paid by claim approved by the Conservation Board and included in the County’s accounting system.

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

Conclusion – Response accepted.

Harrison County

Schedule of Findings

Year ended June 30, 2015

(H) Public Health – Monthly reconciliations of billings, collections and receivables were not prepared.

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

Response – We will try monthly reconciliations to further clarify outstanding billings.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Harrison County
Schedule of Findings
Year ended June 30, 2015

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the mental health function. In addition, disbursements in one department exceeded the amount appropriated.

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

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

Response – The Board will watch the budget by function and appropriations by department more closely.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Susan Bonham, County Auditor, Mother of Sara Bonham	Assist with elections	\$ 217
Susan Bonham, County Auditor, Mother of Steven Bonham	Assist with elections	360
Kris Pauley, Deputy Auditor, Mother of Megan Pauley	Assist with elections	1,086
Larry Oliver, Emergency Management Director, father of Carter Oliver	Gutter cleaning at County Sheriff's Office	140
Robert Smith, Supervisor, wife owns Cheryl Smith Cleaning Services	Cleaning services at County Sheriff's and County Engineer's Offices	9,560
Melissa Hardy, Treasurer's Office, Mother of Macy Freihage	Folding tax statements	239

Harrison County

Schedule of Findings

Year ended June 30, 2015

The transactions with Cheryl Smith Cleaning Services do not represent a conflict of interest in the opinion of the County Attorney.

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

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. One of two closed sessions did not identify and document the specific exemption for holding the closed session under Chapter 21.5 of the Code of Iowa.

Although minutes of the Board proceedings were published, they were not always provided to the newspaper within the time period required by Chapter 349.18 of the Code of Iowa.

Recommendation – The minutes should identify and document the specific exemption under Chapter 21.5 of the Code of Iowa for going into a closed session. The County should ensure the minutes are provided for publication timely, as required.

Response – The minutes will document the exemption for all closed sessions. The Board will change its policy at the next board meeting to allow County auditor to publish minutes before formal approval.

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

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.
- (10) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Harrison County

Schedule of Findings

Year ended June 30, 2015

- (11) E-911 Budget – During the year ended June 30, 2015, the E-911 surcharge fund budget was exceeded.

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 – I will attempt to watch this more closely.

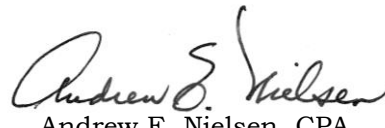
Conclusion – Response accepted.

Harrison County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Ryan J. Pithan, Senior Auditor
Erin J. Sietstra Staff Auditor
Nate W. Packer, Staff Auditor
Lucas P. Mullen, Assistant Auditor
Sarah J. Swisher, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State