OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE August 2, 2016

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of $18,607,392 for the year ended June 30, 2015, which included $1,070,959 in tax credits from the state. The County forwarded $11,891,820 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $6,715,572 of the local tax revenue to finance County operations, a 6.1% increase over the prior year. Other revenues included charges for service of $2,980,001, operating grants, contributions and restricted interest of $3,854,766, capital grants, contributions and restricted interest of $2,382,708, local option sales tax of $244,992, unrestricted investment earnings of $78,263 and other general revenues of $259,260.

Expenses for County operations for the year ended June 30, 2015 totaled $13,323,265, an increase of 10.5% over the prior year. Expenses included $4,788,511 for roads and transportation, $2,168,420 for non-program services and $1,885,223 for public safety and legal services.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at https://auditor.iowa.gov/reports/1510-0076-B00F.

# # #

POCAHONTAS COUNTY

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

JUNE 30, 2015

Table of Contents

Pocahontas County

Officials

(Before January 2015)

Name	Title	Term Expires
Paul R. Beneke	Board of Supervisors	Jan 2015
Vincent Triggs	Board of Supervisors	Jan 2015
Ed Dewey	Board of Supervisors	Jan 2017
Jeff Ives	Board of Supervisors	Jan 2017
Louis Stauter	Board of Supervisors	Jan 2017
Margene A. Bunda	County Auditor	Jan 2017
Sarah Winkler	County Treasurer	Jan 2015
Michael P. Bollard	County Recorder	Jan 2015
Robert Lampe	County Sheriff	Jan 2017
Ann E. Beneke	County Attorney	Jan 2015
Sue Reisglesberger	County Assessor	Jan 2016

(After January 2015)

Name	Title	Term Expires
Ed Dewey	Board of Supervisors	Jan 2017
Jeff Ives	Board of Supervisors	Jan 2017
Louis Stauter	Board of Supervisors	Jan 2017
JoAnn Peters	Board of Supervisors	Jan 2019
Clarence Siepker	Board of Supervisors	Jan 2019
Margene A. Bunda	County Auditor	Jan 2017
Sarah Winkler	County Treasurer	Jan 2019
Michael P. Bollard	County Recorder	Jan 2019
Robert Lampe	County Sheriff	Jan 2017
Ann E. Beneke	County Attorney	Jan 2019
Sue Reisglesberger	County Assessor	Jan 2016

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Officials of Pocahontas County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Pocahontas 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 17, Pocahontas 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 8 through 14 and 52 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 5, 2016 on our consideration of Pocahontas 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 Pocahontas County's internal control over financial reporting and compliance.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

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

July 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Pocahontas 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 $2,271,345 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.

- Revenues of the County's governmental activities increased 30.9%, or approximately $3,900,000, from fiscal year 2014 to fiscal year 2015. Charges for service increased approximately $1,769,000 and capital grants, contributions and restricted interest increased approximately $2,383,000.

- The County's governmental activities' expenses increased 10.5%, or approximately $1,265,000, from fiscal year 2014 to fiscal year 2015. Non-program expenses increased approximately $802,000, county environment and education expenses increased approximately $406,000 and mental health expenses decreased approximately $101,000.

- The County's net position at June 30, 2015 increased 15.3%, or approximately $3,192,000, over the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net Position presents financial information for 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 and 2) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads and Drainage Districts. 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 Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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 the E-911 Service Board, the Emergency Management Commission 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 below shows the changes in the net position of governmental activities from a year ago.

Net Position of Governmental Activities
(Expressed in Thousands)

	June 30,	
	2015	2014 (Not Restated)
Current and other assets	$ 20,397	19,106
Capital assets	17,323	15,629
Total assets	37,720	34,735
Deferred outflows of resources	502	-
Long-term liabilities	6,213	4,801
Other liabilities	901	529
Total liabilities	7,114	5,330
Deferred inflows of resources	7,090	6,307
Net position:		
Net investment in capital assets	17,323	15,629
Restricted	7,892	6,977
Unrestricted	(1,197)	492
Total net position	$ 24,018	23,098

The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, buildings and equipment). This net position category increased approximately $1,694,000, or 10.8%, from the prior year.

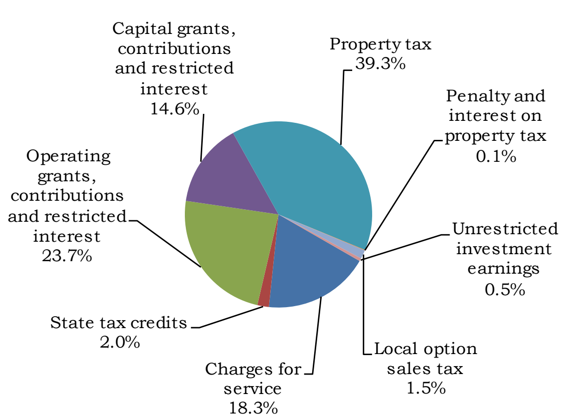
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately $915,000, or 13.1%, over the prior year. This increase is primarily due to an increase in the amount restricted for supplemental levy and rural services 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 approximately $1,689,000 from the prior year to a deficit of approximately $1,197,000.

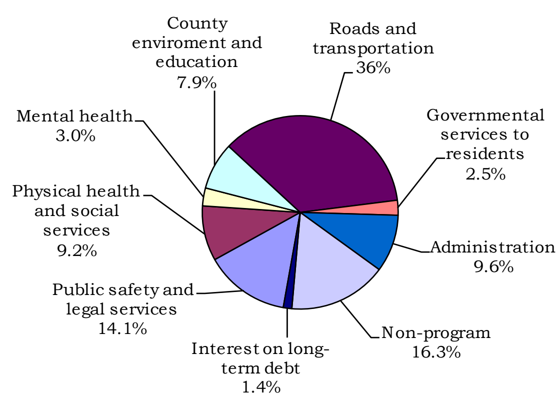
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30, 2015	Year ended June 30, 2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	$ 2,980	1,211
Operating grants, contributions and restricted interest	3,855	4,467
Capital grants, contributions and restricted interest	2,383	-
General revenues:		
Property tax	6,395	6,103
State tax credits	320	227
Penalty and interest on property tax	20	24
Local option sales tax	245	280
Unrestricted investment earnings	78	42
Other general revenues	239	261
Total revenues	16,515	12,615
Program expenses:		
Public safety and legal services	1,885	1,818
Physical health and social services	1,226	1,207
Mental health	400	501
County enviroment and education	1,052	646
Roads and transportation	4,789	4,726
Governmental services to residents	330	349
Administration	1,285	1,347
Non-program	2,168	1,366
Interest on long-term debt	188	98
Total expenses	13,323	12,058
Change in net position	3,192	557
Net position beginning of year, as restated	20,826	22,541
Net position end of year	$ 24,018	23,098

Revenues by Source



Expenses by Function



Property tax increased approximately $292,000, or 4.7%, primarily due to a decrease in property tax rates of approximately 0.4% offset by an increase in assessed valuations of approximately $306 million, or 4.9%. Operating grants, contributions and restricted interest decreased approximately $625,000, or 13.9%, primarily due to receipt of approximately $668,825 from the Iowa Department of Agriculture and Land Stewardship, Division of Soil Conservation in the prior fiscal year to help fund the cost of drainage system improvements in Drainage District No. 178. Capital grants, contributions and restricted interest increased approximately $2,383,000, primarily due to capital assets contributed by the Iowa Department of Transportation.

Expenses in fiscal year 2015 increased approximately $1,265,000, or 10.5%, over the prior year. Non-program expenses increased approximately $802,000, or 58.7%, due to increased costs related to drainage system improvements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Pocahontas County completed the year, its governmental funds reported a combined fund balance of approximately $9.67 million, an increase of approximately $559,000 over last year's total of approximately $9.11 million. The following are reasons for the changes in fund balances of the major funds from the prior year:

General Fund revenues exceeded expenditures by approximately $530,000. The ending fund balance increased approximately $510,000 over the prior year to approximately $2,633,000. General Fund revenues increased approximately $77,000, or 1.5%, primarily due to an increase in property tax. Expenditures increased approximately $97,000, or 2%.

The Special Revenue, Mental Health Fund fund balance increased approximately $101,000 from the prior year to a balance of approximately $247,000. Mental Health Fund revenues increased approximately $40,000, or 8.6%, from the prior year while expenditures decreased approximately $98,000, or 19.4%. The decrease in expenditures is due to certain costs for community based services now being paid by the mental health region.

Special Revenue, Rural Services Fund revenues increased approximately $112,000, or 4.6%, while expenditures increased approximately $96,000, or 10.8%. The Rural Services Fund fund balance at year end increased approximately $448,000. Fiscal year 2015 property tax revenue increased approximately $125,000, or 6.1%, due to an increase in valuations.

Revenues in the Special Revenue, Secondary Roads Fund increased approximately $293,000 from the previous year, primarily due to an increase in bridge replacement revenue during fiscal year 2015. Expenditures increased approximately $669,000, or 17.7%, over the prior year due to additional bridge construction projects. The Secondary Roads Fund ending fund balance increased approximately $10,000 to approximately $5.24 million.

The Special Revenue, Drainage Districts Fund ending fund balance decreased approximately $510,000 from the prior year to approximately $387,000. Revenues and proceeds from issuance of drainage warrants increased approximately $1,300,000 from the prior year and expenditures increased approximately $1.85 million.

BUDGETARY HIGHLIGHTS

Over the course of the year, Pocahontas County amended its budget once. The amendment was made in May 2015 and resulted in an increase in budgeted disbursements for the County Auditor's and the County Sheriff's offices.

The County's receipts were $561,913 more than budgeted, a variance of 5%.

Total disbursements were $1,089,434 less than the amended budget. Actual disbursements for the capital projects, physical health and social services and administration were $417,456, $261,818 and $162,095, respectively, less than budgeted, while the other functions were also less than budgeted. This was primarily due to reduced roads and bridge maintenance projects, equipment purchases and stockpile supply purchases than anticipated. The remaining decrease was accomplished by reduced spending in all areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Pocahontas County had approximately $17.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately $1,693,000, or 10.8%, from last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30,	
	2015	2014
Land	$ 1,961	1,961
Construction in progress	1,304	-
Buildings and building improvements	1,414	1,490
Equipment and vehicles	2,310	2,256
Infrastructure, road network	10,334	9,923
Total	$ 17,323	15,630

The County had depreciation expense of $1,225,485 in fiscal year 2015 and total accumulated depreciation of $12,018,742 at June 30, 2015. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015, Pocahontas County had approximately $4,369,000 of outstanding debt compared to approximately $4,582,000 at June 30, 2014. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

Outstanding Debt of Governmental Activities at Year-End
(Expressed in Thousands)

	June 30,	
	2015	2014
Drainage warrants and improvement certificates	$ 3,804	3,849
State Revolving Fund improvement certificates	565	733
Total	$ 4,369	4,582

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Pocahontas 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 2.8%, a decrease from a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Pocahontas 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 Pocahontas County Auditor's Office, 99 Court Square, Pocahontas, Iowa 50574.

Basic Financial Statements

Pocahontas County

Statement of Net Position

June 30, 2015

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 9,081,129
Receivables:	
Property tax:	
Delinquent	8,087
Succeeding year	6,115,000
Interest and penalty on property tax	65,821
Accounts	122,959
Accrued interest	5,398
Drainage assessments	3,399,876
Due from other governments	510,672
Inventories	984,501
Prepaid insurance	103,454
Capital assets, net of accumulated depreciation	17,322,720
Total assets	37,719,617
Deferred Outflows of Resources	
Pension related deferred outflows	502,539
Liabilities	
Accounts payable	693,379
Accrued interest payable	
Salaries and benefits payable	160,467
Advances from grantors	17,180
Due to other governments	29,539
Long-term liabilities:	
Portion due or payable within one year:	
Drainage warrants/drainage improvement certificates	3,375,550
State Revolving Fund improvement certificates	34,000
Compensated absences	206,346
Portion due or payable after one year:	
Drainage improvement certificates	428,083
State Revolving Fund improvement certificates	531,000
Net pension liability	1,601,676
Net OPEB Liability	36,800
Total liabilities	7,114,020
Deferred Inflows of Resources	
Unavailable property tax revenue	6,115,000
Pension related deferred inflows	974,671
Total deferred inflows of resources	7,089,671
Net Position	
Net investment in capital assets	17,322,720
Restricted for:	
Supplemental levy purposes	913,733
Conservation land acquisition	452,994
Mental health purposes	246,059
Rural services	985,358
Secondary roads purposes	5,260,572
Other purposes	34,200
Unrestricted	(1,197,171)
Total net position	$ 24,018,465

See notes to financial statements.

Pocahontas County

Statement of Activities

Year ended June 30, 2015

		Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 1,885,223	24,308	34,912	-	(1,826,003)
Physical health and social services	1,226,214	185,181	584,571	-	(456,462)
Mental health	400,009	-	163,762	-	(236,247)
County environment and education	1,052,463	46,500	12,177	-	(993,786)
Roads and transportation	4,788,511	64,137	3,029,522	2,382,708	687,856
Governmental services to residents	329,599	153,957	33	-	(175,609)
Administration	1,284,509	-	50	-	(1,284,459)
Non-program	2,168,420	2,505,918	29,739	-	367,237
Interest on long-term debt	188,317	-	-	-	(188,317)
Total	$ 13,323,265	2,980,001	3,854,766	2,382,708	(4,105,790)
General Revenues:					
Property and other county tax levied for general purposes					6,395,157
Penalty and interest on property tax					20,274
State tax credits					320,415
Local option sales tax					244,992
Unrestricted investment earnings					78,263
Gain on disposition of capital assets					60,827
Miscellaneous					178,159
Total general revenues					7,298,087
Change in net position					3,192,297
Net position beginning of year, as restated					20,826,168
Net position end of year					$ 24,018,465

See notes to financial statements.

Pocahontas County

Balance Sheet

June 30, 2015

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 2,574,554	211,990	1,172,951
Receivables:			
Property tax:			
Delinquent	7,284	610	193
Succeeding year	3,877,000	248,000	1,990,000
Interest and penalty on property tax	65,821	-	-
Accounts	30,345	-	-
Accrued interest	5,377	-	-
Drainage assessments	-	-	-
Advance to other funds	175,000	-	-
Due from other governments	143,809	34,459	18,038
Inventories	-	-	-
Prepaid insurance	60,515	3,086	9,258
Total assets	$ 6,939,705	498,145	3,190,440
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 127,108	166	3,627
Salaries and benefits payable	94,615	2,631	16,120
Advance from other funds	-	-	175,000
Advances from grantors	17,180	-	-
Due to other governments	28,585	72	-
Total liabilities	267,488	2,869	194,747
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,877,000	248,000	1,990,000
Other	162,387	610	193
Total deferred inflows of resources	4,039,387	248,610	1,990,193
Fund balances:			
Nonspendable:			
Advance to other funds	175,000	-	-
Inventories	-	-	-
Prepaid insurance	60,515	3,086	9,258
Restricted for:			
Supplemental levy purposes	926,041	-	-
Conservation land acquisition	324,063	-	-
Mental health purposes	-	243,580	-
Rural services	-	-	996,242
Secondary roads purposes	-	-	-
Drainage warrants/drainage improvement certificates	-	-	-
Other purposes	8,033	-	-
Unassigned	1,139,178	-	-
Total fund balances	2,632,830	246,666	1,005,500
Total liabilities, deferred inflows of resources and fund balances	$ 6,939,705	498,145	3,190,440

See notes to financial statements.

Revenue Secondary Roads	Drainage Districts	Nonmajor	Total
4,037,352	889,606	155,114	9,041,567
-	-	-	8,087
-	-	-	6,115,000
-	-	-	65,821
92,614	-	-	122,959
-	-	21	5,398
-	3,399,876	-	3,399,876
-	-	-	175,000
282,628	31,738	-	510,672
984,501	-	-	984,501
30,595	-	-	103,454
5,427,690	4,321,220	155,135	20,532,335
46,434	502,520	37	679,892
47,101	-	-	160,467
-	-	-	175,000
-	-	-	17,180
882	-	-	29,539
94,417	502,520	37	1,062,078
-	-	-	6,115,000
93,044	3,431,614	-	3,687,848
93,044	3,431,614	-	9,802,848
-	-	-	175,000
984,501	-	-	984,501
30,595	-	-	103,454
-	-	-	926,041
-	-	-	324,063
-	-	-	243,580
-	-	-	996,242
4,225,133	-	-	4,225,133
-	387,086	-	387,086
-	-	155,135	163,168
-	-	(37)	1,139,141
5,240,229	387,086	155,098	9,667,409
5,427,690	4,321,220	155,135	20,532,335

Pocahontas County

Pocahontas County

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

June 30, 2015

Total governmental fund balances (page 19)		$ 9,667,409
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is $29,341,462 and the accumulated depreciation is $12,018,742.		17,322,720
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.		3,687,848
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		26,075
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	$ 502,539	
Deferred inflows of resources	(974,671)	(472,132)
Long-term liabilities, including drainage warrants/drainage improvement certificates payable, State Revolving Fund improvement certificates payable, compensated absences payable, net pension liability and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(6,213,455)
Net position of governmental activities (page 16)		$ 24,018,465

See notes to financial statements.

Pocahontas County

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

Year ended June 30, 2015

			Special
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 3,882,580	324,465	2,188,094
Local option sales tax	-	-	244,992
Interest and penalty on property tax	20,895	-	-
Intergovernmental	867,198	181,974	88,388
Licenses and permits	7,587	-	530
Charges for service	375,739	-	-
Use of money and property	185,081	-	-
Miscellaneous	43,673	-	24
Total revenues	5,382,753	506,439	2,522,028
Expenditures:			
Operating:			
Public safety and legal services	1,345,212	-	585,781
Physical health and social services	1,262,849	-	-
Mental health	-	405,694	-
County environment and education	605,492	-	396,283
Roads and transportation	-	-	-
Governmental services to residents	313,799	-	2,104
Administration	1,291,906	-	-
Non-program	21,203	-	-
Debt service	-	-	-
Capital projects	12,476	-	-
Total expenditures	4,852,937	405,694	984,168
Excess (deficiency) of revenues over (under) expenditures	529,816	100,745	1,537,860
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(20,000)	-	(1,090,000)
Drainage warrants/drainage improvement certificates issued	-	-	-
Total other financing sources (uses)	(20,000)	-	(1,090,000)
Change in fund balances	509,816	100,745	447,860
Fund balances beginning of year	2,123,014	145,921	557,640
Fund balances end of year	$ 2,632,830	246,666	1,005,500

See notes to financial statements.

Revenue			
Secondary Roads	Drainage Districts	Nonmajor	Total
-	-	-	6,395,139
-	-	-	244,992
-	-	-	20,895
3,282,785	444,340	21,927	4,886,612
8,895	-	-	17,012
35,954	-	2,472	414,165
2,400	-	284	187,765
27,008	1,331,827	4,019	1,406,551
3,357,042	1,776,167	28,702	13,573,131
-	-	6,659	1,937,652
-	-	10,041	1,272,890
-	-	-	405,694
-	-	5,261	1,007,036
4,056,586	-	-	4,056,586
-	-	4,552	320,455
-	-	2,000	1,293,906
-	1,884,013	-	1,905,216
-	2,250,676	-	2,250,676
400,112	-	-	412,588
4,456,698	4,134,689	28,513	14,862,699
(1,099,656)	(2,358,522)	189	(1,289,568)
1,110,000	-	-	1,110,000
-	-	-	(1,110,000)
-	1,848,546	-	1,848,546
1,110,000	1,848,546	-	1,848,546
10,344	(509,976)	189	558,978
5,229,885	897,062	154,909	9,108,431
5,240,229	387,086	155,098	9,667,409

Pocahontas 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 23)		$ 558,978
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 713,537	
Capital assets contributed by the Iowa Department of Transportation	2,144,445	
Depreciation expense	(1,225,485)	1,632,497
In the Statement of Activities, the gain on the dispositon of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		60,827
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	18	
Other	546,333	546,351
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:		
Issued	(1,848,546)	
Repaid	2,062,359	213,813
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.		346,757
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	(17,866)	
Other postemployment benefits	(6,797)	
Pension expense	(149,220)	(173,883)
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported in governmental activities.		6,957
Change in net position of governmental activities (page 17)		$ 3,192,297

See notes to financial statements.

Pocahontas County

Statement of Net Position
Proprietary Fund

June 30, 2015

	Internal Service Employee Group Health
Assets	
Cash and cash equivalents	$ 39,562
Liabilities	
Accounts payable	13,487
Net Position	
Unrestricted	$ 26,075

See notes to financial statements.

Pocahontas County

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

Year ended June 30, 2015

		Internal Service
		Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 83,914
Reimbursements from employees and others		185,375
Total operating revenues		269,289
Operating expenses:		
Medical claims	$ 175,760	
Premiums	76,116	
Administrative charges	10,470	262,346
Operating income		6,943
Non-operating revenues:		
Interest income		14
Net income		6,957
Net position beginning of year		19,118
Net position end of year		$ 26,075

See notes to financial statements.

Pocahontas County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2015

	Internal Service Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund contributions	$ 83,914
Cash received from employees and others	185,375
Cash paid for medical claims, premiums and other	(260,271)
Net cash provided by operating activities	9,018
Cash flows from investing activities:	
Interest on investments	16
Net increase in cash and cash equivalents	9,034
Cash and cash equivalents beginning of year	30,528
Cash and cash equivalents end of year	$ 39,562
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 6,943
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	2,075
Net cash provided by operating activities	$ 9,018

See notes to financial statements.

Pocahontas County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets		
Cash, cash equivalents and pooled investments:		
County Treasurer	$	1,427,794
Other County officials		8,905
Receivables:		
Property tax:		
Delinquent		38,848
Succeeding year		11,190,000
Accounts receivable		7,029
Accrued interest		13
Special assessments		177,963
Due from other governments		38,196
Total assets		12,888,748
Liabilities		
Accounts payable		40,533
Salaries and benefits payable		16,963
Due to other governments		12,813,535
Trusts payable		6,631
Compensated absences		11,086
Total liabilities		12,888,748
Net position	$	-

See notes to financial statements.

Pocahontas County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

Pocahontas 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, Pocahontas 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 Pocahontas 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.

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

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: County Social Services, Northwest Iowa Multicounty Regional Juvenile Detention Center, Pocahontas County Solid Waste Commission and Region V Hazardous Material Commission. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Mental Health Center, North Central Alcohol Research Foundation, Second Judicial District Department of Correctional Services and MIDAS Council of Governments.

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.

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 often has constraints on resources 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, the proprietary fund 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 designated to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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

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

The Drainage Districts Fund is used to account for assessments and other revenues used for drainage construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. 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.

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 recognized as deferred inflows of resources 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 have been made but have not been collected.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class		Amount
Infrastructure	$	65,000
Land, buildings and improvements		25,000
Intangibles		75,000
Equipment and vehicles		5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings and building improvements	25 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which 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, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax 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 IPERS' investments.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements in certain departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

At June 30, 2015, the County had investments in drainage warrants and improvement certificates of $1,477,325 and $437,444, respectively.

(3) 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	$ 20,000
	Special Revenue:	
	Rural Services	1,090,000
Total		$ 1,110,000

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,960,976	-	-	1,960,976
Construction in process	-	1,303,825	-	1,303,825
Total capital assets not being depreciated	1,960,976	1,303,825	-	3,264,801
Capital assets being depreciated:				
Buildings and building improvements	3,156,789	-	-	3,156,789
Equipment and vehicles	7,387,780	428,299	(197,161)	7,618,918
Infrastructure, road network	14,114,269	1,186,685	-	15,300,954
Total capital assets being depreciated	24,658,838	1,614,984	(197,161)	26,076,661
Less accumulated depreciation for:				
Buildings and building improvements	1,666,711	75,911	-	1,742,622
Equipment and vehicles	5,132,211	374,151	(197,161)	5,309,201
Infrastructure, road network	4,191,496	775,423	-	4,966,919
Total accumulated depreciation	10,990,418	1,225,485	(197,161)	12,018,742
Total capital assets being depreciated, net	13,668,420	389,499	-	14,057,919
Governmental activities capital assets, net	$15,629,396	1,693,324	-	17,322,720

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 75,032
Physical health and social services	1,313
County environment and education	42,499
Roads and transportation	1,048,114
Governmental services to residents	20,260
Administration	38,267
Total depreciation expense - governmental activities	$ 1,225,485

(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	$ 28,585
Special Revenue:		
Mental Health	Services	72
Secondary Roads	Services	882
		954
Total for governmental funds		$ 29,539
Agency:		
Agriculture Extension Education	Collections	$ 122,200
County Assessor		426,470
Schools		7,939,983
Community Colleges		551,351
Corporations		2,135,820
Townships		309,290
Auto License and Use Tax		177,983
E911 Services Board		238,606
Pocahontas County Economic Development		695,955
All other		215,877
Total for agency funds		$ 12,813,535

(6) Long-Term Liabilities

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

	Drainage Warrants	Drainage Improvement Certificates	State Revolving Fund Improvement Certificates	Compen-sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	$3,646,702	202,744	733,000	188,480	2,619,884	30,003	7,420,813
Increases	1,465,104	383,442	-	111,214	-	13,997	1,973,757
Decreases	1,774,643	119,716	168,000	93,348	1,018,208	7,200	3,181,115
Balance end of year	$3,337,163	466,470	565,000	206,346	1,601,676	36,800	6,213,455
Due within one year	$3,337,163	38,387	34,000	206,346	-	-	3,615,896

Drainage Warrants/Drainage Improvement Certificates Payable

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 improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest is paid to the bearer of the certificate upon receipt of the installment payment plus interest from the landowner.

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

State Revolving Fund Improvement Certificates

On January 27, 2010, the County entered into a loan agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of $1,096,000 of improvement certificates with interest at 3.0% per annum. The agreement also requires the County to annually pay a .25% servicing fee on the outstanding principal balance. The certificates were issued pursuant to the provisions of Chapter 468.70 of the Code of Iowa and the American Recovery and Reinvestment Act of 2009 (ARRA) for the purpose of providing funds to pay a portion of the costs of constructing improvements and repairs to Drainage District No. 65 of the County. The County drew down funds from the Trustee upon request to reimburse the County for costs as they are incurred. An initiation fee of 1%, or $10,960, of the authorized borrowing for the improvement certificates was charged by the Iowa Finance Authority. At June 30, 2015, the County had drawn down the entire authorized amount. During the year ended June 30, 2015, the County paid $168,000 of principal and $21,990 of interest on these certificates.

The County has pledged assessments against property in Drainage District No. 65 to repay the improvement certificates. The certificates are payable solely from drainage assessments against property in Drainage District No. 65 and are payable through December 2029.

A summary of the County's June 30, 2015 State Revolving Fund Improvement Certificate indebtedness is as follows:

Year Ending June 30,	Interest Rate*	Principal	Interest	Total
2016	3.00%	$ 34,000	16,950	50,950
2017	3.00	35,000	15,930	50,930
2018	3.00	36,000	14,880	50,880
2019	3.00	38,000	13,800	51,800
2020	3.00	39,000	12,660	51,660
2021-2025	3.00	213,000	45,060	258,060
2026-2029	3.00	170,000	11,790	181,790
Total		$ 565,000	131,070	696,070

*The County is also required to annually pay a 0.25% servicing fee on the outstanding principal balance.

(7) Advances to/from Other Funds

The detail of advances to/from other funds is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Rural Services	$ 175,000

The advances to/from other funds resulted from the General Fund extending a loan for $350,000 to the Special Revenue, Rural Services Fund. The loan will be repaid in the future as property tax collections become available.

(8) Employee Group Health

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Administrative Solutions, Inc. The agreement is subject to automatic renewal provisions.

Monthly contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds. These contributions represent the difference between premiums required for a higher deductible plan and those for a lower deductible plan. Payments from the Internal Service, Employee Group Health Fund are for insurance premiums, employee reimbursements of medical claims up to the individual's funded deductible and administrative costs. The County's contribution for the year ended June 30, 2015 was $83,914.

The amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2015 for reported but not paid claims have been determined by the plan administrator since the County has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa.

A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	$ 11,412
Incurred claims (including claims incurred but not reported at June 30, 2015)	175,760
Payment on claims during the year	(173,685)
Unpaid claims end of year	$ 13,487

(9) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO 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 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and 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 $346,757.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of $1,601,676 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.040386%, which was a decrease of 0.005243% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $149,220. 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	$ 18,866	27,451
Changes of assumptions	76,611	20,624
Net difference between projected and actual earnings on IPERS' investments	-	926,596
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	60,305	-
County contributions subsequent to the measurement date	346,757	-
Total	$ 502,539	974,671

$346,757 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	$ (206,484)
2017	(206,484)
2018	(206,484)
2019	(206,483)
2020	7,046
Total	$ (818,889)

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US equity	23%	6.31%
Non US equity	15	6.76
Private equity	13	11.34
Real estate	8	3.52
Core plus fixed income	28	2.06
Credit opportunities	5	3.67
TIPS	5	1.92
Other real assets	2	6.27
Cash	1	(0.69)
Total	100%	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)	$ 3,710,041	$1,601,676	$ (176,274)

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

Payables to IPERS – At June 30, 2015, the County did not report a payable to IPERS for legally required employer contributions and employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 85 active and 1 retired member 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 benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	$ 14,400
Interest on net OPEB obligation	1,397
Adjustment to annual required contribution	(1,800)
Annual OPEB cost	13,997
Contributions made	(7,200)
Increase in net OPEB obligation	6,797
Net OPEB obligation beginning of year	30,003
Net OPEB obligation end of year	$ 36,800

For the year ended June 30, 2015, the County contributed $7,200 to the medical plan and there were no contributions from plan members eligible for benefits.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 13,768	97.8%	$ 38,303
2014	13,700	160.6	30,003
2015	13,997	51.4	36,800

Funded Status and Funding Progress – As of June 30, 2015, the actuarial accrued liability was approximately $108,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately $108,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $3,843,000 and the ratio of the UAAL to covered payroll was 2.8%. As of June 30, 2015, there were no trust fund assets.

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

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the plan as understood by the 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 benefits costs between the employer and plan members to that point. The methods and assumptions used include techniques designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 valuation date, a simplified version of the unit credit actuarial cost method was used. The assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced to 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this calculation.

Mortality rates are from the 2004 United States Life Tables. Annual retirement and termination probabilities were based on historical retirement patterns for the covered group.

Projected claim costs of the medical plan are $615 (single coverage) and $1,376 (coverage, with spouse) per month for retirees less than age 65. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Risk Management

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Deficit Fund Balance

The Special Revenue, Veterans Grant Fund had a deficit balance of $37 at June 30, 2015. The County is reviewing options for eliminating this deficit.

(13) Related Party Transactions

The County purchased $381,594 of road rock from Martin Marietta, a business which employs Board Member Ed Dewey. The County also purchased $418 of plumbing and heating services from Ray's Plumbing and Heating for the Conservation Department. Ray's Plumbing and Heating is owned by Conservation Board Member Ray Wolfe.

(14) Drainage District Project

On January 20, 2011, the County entered into a 28E agreement with the Iowa Department of Agriculture and Land Stewardship (IDALS), Division of Soil Conservation to secure $1,524,522 of funding for agricultural drainage wells within Drainage District No. 178. On January 17, 2012, the agreement was amended to include an additional $418,219 of funding, for a total of $1,942,741. The funding is pursuant to the Agricultural Drainage Wells – Alternative Drainage System Assistance Program, a State program. Pursuant to the agreement, the County agreed to construct alternative drainage system improvements and remove all cisterns located within the watershed served by the alternative drainage system. At June 30, 2015, the project is complete and reimbursements of $1,574,569 have been received from IDALS for the project.

(15) Jointly Governed Organization

Pocahontas County participates in the Pocahontas County Economic Development Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. In addition, some financial transactions are held by the organization apart from the County Agency Funds. The following financial data is for the year ended June 30, 2015:

Additions:		
Contributions from governmental units:		
Pocahontas County	$ 197,500	
Cities of:		
Fonda	3,000	
Gilmore City	250	
Havelock	250	
Laurens	12,000	
Palmer	300	
Pocahontas	17,375	
Rolfe	4,950	
Varina	50	$ 235,675
Donations		18,785
Economic development loan repayments		22,870
Interest		400
Total additions		277,730
Deductions:		
Salaries and benefits	99,074	
Consultants	600	
Office supplies	739	
Travel	5,617	
Telephone	2,368	
Building	2,400	
Training	688	
Shared program services	53,589	
Insurance	3,357	
Economic development loans	4,000	
Miscellaneous	12,315	184,747
Net		92,983
Balance beginning of year		762,846
Balance end of year		$ 855,829

(16) County Financial Information Included in County Social Services

County Social Services (CSS), a jointly governed organization formed pursuant to the provisions of Chapter 28E and Chapter 331.390 of the Code of Iowa which became effective April 1, 2013, includes the following members: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright Counties. The agreement was amended April 1, 2014 to include Emmet County. The financial activity of the County's Special Revenue, Mental Health Fund is included in CSS for the year ended June 30, 2015 as follows:

Revenues:		
Property and other county tax		$ 324,465
Intergovernmental revenues:		
State tax credits	$ 18,015	
Payments from MHDS fiscal agent to MHDS regional members	149,721	
Other	14,238	181,974
Total revenues		506,439
Expenditures:		
Services to persons with:		
Mental illness	65,944	
Intellectual disabilities	11,295	77,239
General administration:		
Direct administration	53,455	
Distribution to regional fiscal agent	275,000	328,455
Total expenditures		405,694
Excess of revenues over expenditures		100,745
Fund balance beginning of the year		145,921
Fund balance end of the year		$ 246,666

(17) Accounting Change/Restatement

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

	Governmental Activities
Net position June 30, 2014, as previously reported	$ 23,097,513
Net pension liability at June 30, 2014	(2,619,884)
Deferred outflows of resources related to prior year contibutions made after the June 30, 2013 measurement date	348,539
Net position July 1, 2014, as restated	$ 20,826,168

Pocahontas County

Required Supplementary Information

Pocahontas 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	$ 6,641,234	-	6,641,234
Interest and penalty on property tax	20,934	-	20,934
Intergovernmental	4,867,139	536,173	4,330,966
Licenses and permits	16,912	-	16,912
Charges for service	412,270	-	412,270
Use of money and property	187,176	-	187,176
Miscellaneous	1,443,424	1,331,827	111,597
Total receipts	13,589,089	1,868,000	11,721,089
Disbursements:			
Public safety and legal services	1,912,588	-	1,912,588
Physical health and social services	1,238,840	-	1,238,840
Mental health	408,617	-	408,617
County environment and education	1,010,977	-	1,010,977
Roads and transportation	4,029,688	-	4,029,688
Governmental services to residents	324,374	-	324,374
Administration	1,311,179	-	1,311,179
Non-program	1,503,031	1,493,702	9,329
Debt service	2,337,111	2,250,676	86,435
Capital projects	398,546	-	398,546
Total disbursements	14,474,951	3,744,378	10,730,573
Excess (deficiency) of receipts over (under) disbursements	(885,862)	(1,876,378)	990,516
Other financing sources, net	1,837,732	1,848,546	(10,814)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	951,870	(27,832)	979,702
Balance beginning of year	8,089,697	917,438	7,172,259
Balance end of year	$ 9,041,567	889,606	8,151,961

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
6,735,613	6,735,613	(94,379)
15,750	15,750	5,184
3,788,281	3,788,281	542,685
11,700	11,700	5,212
379,610	378,110	34,160
140,150	164,046	23,130
62,450	65,676	45,921
11,133,554	11,159,176	561,913
1,948,945	1,958,945	46,357
1,500,658	1,500,658	261,818
426,955	426,955	18,338
1,076,802	1,076,802	65,825
4,087,043	4,087,043	57,355
377,633	379,943	55,569
1,482,940	1,473,274	162,095
10,385	10,385	1,056
90,000	90,000	3,565
816,002	816,002	417,456
11,817,363	11,820,007	1,089,434
(683,809)	(660,831)	1,651,347
-	-	(10,814)
(683,809)	(660,831)	1,640,533
5,412,819	5,412,819	1,759,440
4,729,010	4,751,988	3,399,973

Pocahontas 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	$ 13,589,089	(15,958)	13,573,131
Expenditures	14,474,951	387,748	14,862,699
Net	(885,862)	(403,706)	(1,289,568)
Other financing sources, net	1,837,732	10,814	1,848,546
Beginning fund balances	8,089,697	1,018,734	9,108,431
Ending fund balances	$ 9,041,567	625,842	9,667,409

See accompanying independent auditor's report.

Pocahontas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These 10 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 and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $2,644. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

Pocahontas County

Pocahontas County

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

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

Required Supplementary Information

	2015
County's collective proportion of the net pension liability (asset)	0.040386%
County's collective proportionate share of the net pension liability (asset)	$ 1,602
County's covered-employee payroll	$ 3,790
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	42.27%
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.

Pocahontas County

Schedule of County Contributions

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

Required Supplementary Information

	2015	2014	2013
Statutorily required contribution	$ 347	349	324
Contributions in relation to the statutorily required contribution	(347)	(349)	(324)
Contribution deficiency (excess)	$ -	-	-
County's covered-employee payroll	$ 3,775	3,790	3,588
Contributions as a percentage of covered-employee payroll	9.19%	9.21%	9.03%

See accompanying independent auditor's report.

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

2012	2011	2010	2009
304	275	256	225
(304)	(275)	(256)	(225)
-	-	-	-
3,572	3,641	3,617	3,355
8.51%	7.55%	7.08%	6.71%

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.

Pocahontas County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	$ 124	124	0.0%	$ 3,335	3.7%
2011	Jul 1, 2009	-	124	124	0.0	3,753	3.3
2012	Jul 1, 2009	-	124	124	0.0	3,676	3.4
2013	Jul 1, 2012	-	108	108	0.0	3,671	2.9
2014	Jul 1, 2012	-	108	108	0.0	3,864	2.8
2015	Jul 1, 2012	-	108	108	0.0	3,843	2.8

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

See accompanying independent auditor's report.

Supplementary Information

Pocahontas County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

		County Recorder's Records Management	Forfeiture	Courthouse Security	Veterans Grants
Assets					
Cash, cash equivalents and pooled investments	$	19,926	80	5,109	-
Accrued interest receivable		-	-	-	-
Total assets	$	19,926	80	5,109	-
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$	-		-	37
Fund balances:					
Restricted for other purposes		19,926	80	5,109	-
Unassigned		-	-	-	(37)
Total fund balances		19,926	80	5,109	(37)
Total liabilities and fund balances	$	19,926	80	5,109	-

See accompanying independent auditor's report.

Special Revenue			
County Recorder's Electronic Transaction Fee	REAP	Environmental Education Trust	Total
393	128,910	696	155,114
-	21	-	21
393	128,931	696	155,135
-	-	-	37
393	128,931	696	155,135
-	-	-	(37)
393	128,931	696	155,098
393	128,931	696	155,135

Pocahontas County

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

Year ended June 30, 2015

	County Recorder's Records Management	Forfeiture	Courthouse Security
Revenues:			
Intergovernmental	$ -	-	-
Charges for service	1,422	-	-
Use of money and property	33	-	-
Miscellaneous	-	537	-
Total revenues	1,455	537	-
Expenditures:			
Operating:			
Public safety and legal services	-	2,000	-
Physical health and social services	-	-	-
County environment and education	-	-	-
Governmental services to residents	2,276	-	
Administration	-	-	-
Total expenditures	2,276	2,000	-
Excess (deficiency) of revenues over (under) expenditures	(821)	(1,463)	-
Fund balances beginning of year	20,747	1,543	5,109
Fund balances end of year	$ 19,926	80	5,109

See accompanying independent auditor's report.

Special Revenue						
			County			
	Community		Recorder's		Environmental	
Veterans	Disaster	Camera	Electronic		Education	
Grants	Grants	Donation	Transaction Fee	REAP	Trust	Total
10,000	-	-	-	11,927	-	21,927
-	-	-	-	-	1,050	2,472
-	-	-	-	250	1	284
-	-	-	2,276	-	1,206	4,019
10,000	-	-	2,276	12,177	2,257	28,702
-	-	4,659	-	-	-	6,659
10,041	-	-	-	-	-	10,041
-	-	-	-	-	5,261	5,261
-	-	-	2,276	-	-	4,552
-	2,000	-	-	-	-	2,000
10,041	2,000	4,659	2,276	-	5,261	28,513
(41)	(2,000)	(4,659)	-	12,177	(3,004)	189
4	2,000	4,659	393	116,754	3,700	154,909
(37)	-	-	393	128,931	696	155,098

Pocahontas County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ -	957	174,296	56,823	4,262
Other County officials	6,740	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	243	511	15,160	1,089
Succeeding year	-	121,000	269,000	7,868,000	546,000
Accounts	50	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 6,790	122,200	443,807	7,939,983	551,351
Liabilities					
Accounts payable	$ -	-	109	-	-
Salaries and benefits payable	-	-	9,800	-	-
Due to other governments	159	122,200	426,470	7,939,983	551,351
Trusts payable	6,631	-	-	-	-
Compensated absences	-	-	7,428	-	-
Total liabilities	$ 6,790	122,200	443,807	7,939,983	551,351

See accompanying independent auditor's report.

Corpor-ations	Townships	Auto License and Use Tax	E911 Services Board	Pocahontas County Economic Development	Other	Total
27,013	12,256	177,983	248,502	699,934	25,768	1,427,794
-	-	-	-	-	2,165	8,905
21,807	34	-	-	-	4	38,848
2,087,000	297,000	-	-	-	2,000	11,190,000
-	-	-	6,610	-	369	7,029
-	-	-	13	-	-	13
-	-	-	-	-	177,963	177,963
-	-	-	23,218	-	14,978	38,196
2,135,820	309,290	177,983	278,343	699,934	223,247	12,888,748
-	-	-	39,737	6	681	40,533
-	-	-	-	3,973	3,190	16,963
2,135,820	309,290	177,983	238,606	695,955	215,718	12,813,535
-	-	-	-	-	-	6,631
-	-	-	-	-	3,658	11,086
2,135,820	309,290	177,983	278,343	699,934	223,247	12,888,748

Pocahontas 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	Community Colleges
Assets and Liabilities					
Balances beginning of year	$ 8,064	129,427	406,424	7,608,710	578,705
Additions:					
Property and other county tax	-	122,574	283,395	7,926,040	551,674
E911 surcharge	-	-	-	-	-
State tax credits	-	7,195	3,587	422,679	32,171
Drivers license fees	-	-	-	-	-
Office fees and collections	180,421	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	104,887	-	-	-	-
Miscellaneous	-	79	234	4,884	351
Total additions	285,308	129,848	287,216	8,353,603	584,196
Deductions:					
Agency remittances:					
To other funds	65,996	-	-	-	-
To other governments	114,198	137,075	249,833	8,022,330	611,550
Trusts paid out	106,388	-	-	-	-
Total deductions	286,582	137,075	249,833	8,022,330	611,550
Balances end of year	$ 6,790	122,200	443,807	7,939,983	551,351

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	E911 Service Board	Pocahontas County Economic Development	Other	Total
2,048,585	311,207	192,006	229,963	630,006	61,110	12,204,207
1,935,740	303,810	-	-	-	18,043	11,141,276
-	-	-	135,040	-	-	135,040
273,523	11,271	-	-	-	118	750,544
-	-	-	-	-	42,762	42,762
-	-	-	-	-	1,423	181,844
-	-	2,696,971	-	-	-	2,696,971
-	-	-	-	-	148,407	148,407
-	-	-	-	-	114,391	219,278
-	335	-	100,260	243,175	78,847	428,165
2,209,263	315,416	2,696,971	235,300	243,175	403,991	15,744,287
-	-	79,684	-	-	14,000	159,680
2,122,028	317,333	2,631,310	186,920	173,247	117,794	14,683,618
-	-	-	-	-	110,060	216,448
2,122,028	317,333	2,710,994	186,920	173,247	241,854	15,059,746
2,135,820	309,290	177,983	278,343	699,934	223,247	12,888,748

Pocahontas 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	$ 6,395,139	6,103,438	5,686,967	4,767,911
Local option sales tax	244,992	280,429	303,416	360,080
Interest and penalty on property tax	20,895	20,768	17,380	19,995
Intergovernmental	4,886,612	4,844,847	5,557,043	4,389,514
Licenses and permits	17,012	21,786	36,408	43,901
Charges for service	414,165	442,924	486,763	535,335
Use of money and property	187,765	118,442	134,056	132,441
Miscellaneous	1,406,551	565,420	486,119	689,652
Total	$ 13,573,131	12,398,054	12,708,152	10,938,829
Expenditures:				
Operating:				
Public safety and legal services	$ 1,937,652	1,802,404	1,660,751	1,618,096
Physical health and social services	1,272,890	1,224,807	1,201,990	1,287,291
Mental health	405,694	503,374	400,135	983,756
County environment and education	1,007,036	957,860	1,003,841	930,825
Roads and transportation	4,056,586	3,603,926	3,264,071	3,672,750
Governmental services to residents	320,455	335,864	275,606	313,726
Administration	1,293,906	1,256,842	1,180,837	1,260,080
Non-program	1,905,216	1,063,295	3,508,980	909,061
Debt service	2,250,676	1,319,192	1,482,030	1,251,433
Capital projects	412,588	185,429	209,021	190,738
Total	$ 14,862,699	12,252,993	14,187,262	12,417,756

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
4,258,656	4,254,131	4,005,332	3,803,263	3,789,868	3,709,574
274,851	260,424	334,590	253,327	271,106	192,734
24,833	28,515	22,915	15,548	17,232	19,166
4,788,780	4,077,843	4,160,900	4,392,022	4,044,917	4,089,221
66,025	43,759	42,326	154,215	70,049	25,364
496,136	487,811	466,799	458,511	488,566	476,654
181,153	150,090	285,578	420,871	286,712	325,094
1,110,658	471,260	304,007	1,090,291	242,089	284,439
11,201,092	9,773,833	9,622,447	10,588,048	9,210,539	9,122,246
1,654,138	1,528,951	1,324,684	1,289,443	1,143,838	1,102,064
1,366,444	1,341,200	1,342,135	1,295,630	1,197,529	1,284,731
823,218	860,327	896,475	938,376	852,551	976,923
933,688	880,862	817,339	772,033	707,212	599,434
3,559,990	4,073,896	3,463,907	3,713,055	3,061,030	3,137,882
324,948	303,558	305,130	282,882	323,048	327,218
1,430,837	1,326,687	1,177,814	1,138,003	940,180	1,002,141
1,619,701	1,601,325	554,673	263,954	265,868	209,554
1,978,053	593,733	339,138	1,013,686	146,113	157,120
276,989	108,903	370,687	459,265	503,498	737,879
13,968,006	12,619,442	10,591,982	11,166,327	9,140,867	9,534,946

Pocahontas County

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

To the Officials of Pocahontas County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pocahontas 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 July 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pocahontas 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 Pocahontas County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pocahontas 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 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) through (C) to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pocahontas 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.

Pocahontas County's Responses to the Findings

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

July 5, 2016

Pocahontas 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 control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – collecting, depositing, posting and daily reconciling. Mail is opened by a person who also has access to accounting records.	Treasurer, Recorder, Sheriff, Agricultural Extension and Conservation
(2) Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.	Treasurer, Recorder, Sheriff and Agricultural Extension
(3) Bank reconciliations are not reviewed in a timely manner by an independent person for propriety.	Recorder and Agricultural Extension
(4) Responsibility for the change fund is not assigned to only one person.	Treasurer
(5) One individual has custody of receipts and performs all investment record keeping and reconciling functions.	Treasurer
(6) Disbursements – processing of vouchers, check writing, signing, posting, reconciling and final approval.	Recorder and Sheriff
(7) An initial listing of receipts is not prepared or an independent reconciliation of the receipts to the initial listing is not performed.	Treasurer and Agricultural Extension
(8) Reconciliations of financial activity from the separate nursing services accounting system to the County general ledger are not reviewed by an independent person for propriety.	Public Health Nurse

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

Responses –

Treasurer – Limited staff makes this impossible to segregate. One person counts the money, another person processes the deposit and another person posts the deposit. Due to the limited staff, we have a couple of "receipt" internal control procedures in place. All voided transactions for both property tax and motor vehicle are reviewed by the Pocahontas County Treasurer and a sample list of the checks received is compared to the checks deposited the next day. All bank statements are reconciled by the County Treasurer and reviewed by the Tax Deputy every month. The Pocahontas County Recorder also reviews all bank reconciliations.

Recorder – With only two people in the office it is difficult, but we will try as best we can.

Sheriff – We are a small office and only have two or three personnel that can perform these duties.

Agricultural Extension – With only two full time people in the office, it is difficult, but we will try the best we can. As of April 2015, the Extension Council Secretary is preparing bank reconciliations along with the Office Manager. She then initials and dates them. In the future, the Extension Council Secretary will initial the adding machine tape in the receipt book, verifying the total matches the total deposit on the bank statement.

Conservation – The Conservation Director is currently reviewing all claims and deposits brought into the office. Mail is opened and then reviewed by the Conservation Director. All receipts from the courthouse are reviewed and checked for errors by the secretary and the Director. All reviews are initialed by the Director.

Public Health Nurse – Due to the lack of administrative personnel in the department, there are only two people available to check the financials.

Conclusions – Responses acknowledged. Each official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

(B) Financial Reporting – During the audit, we identified material amounts of receivables and payables not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include those amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and included in the County's financial statements.

Response – Procedures will be reviewed with corrections implemented where necessary.

Conclusion – Response accepted.

(C) Drainage Assessments – One hundred eighty-three drainage districts have been established by the County 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. The drainage districts are controlled, managed and supervised by the Board of Supervisors. Improvements to drainage districts are governed by Chapter 468 of the Code of Iowa. This Code Chapter establishes required procedures for assessing benefited properties for the cost of drainage district improvements. Specifically, Chapter 468.50 states, in part, "When the board has finally determined the matter of assessments of benefits and apportionment, the board shall levy the assessments as fixed by it upon the lands within the district, but an assessment on a tract, parcel, or lot within the district which is computed at less than five dollars shall be fixed at the sum of five dollars. All assessments shall be levied at that time as a tax and shall bear interest at a rate determined by the board notwithstanding chapter 74A from that date, payable annually, except as provided as to cash payments within a specified time." The County generally levies assessments annually for the cost of improvements incurred each preceding year.

Eighty-one drainage districts have deficit cash balances totaling $3,142,213 at June 30, 2015 to be paid by benefited land owners via drainage assessments. The County only levied drainage assessments of $291,608 during fiscal year 2015 to recover these deficit balances. During fiscal year 2016, the County levied $1,927,030 of drainage assessments for new projects. However, no additional assessments were made to cover the deficit balances.

In addition, as of June 30, 2015, $33,331 of needed corrections accumulating since 2009 have not been processed by the County. The corrections, while not material, pertain to amounts owed between drainage districts or to other funds and refunds owed to contractors for preliminary bonds.

Recommendation – The Board of Supervisors and the Drainage District Board should establish procedures to ensure drainage district improvement costs are assessed to benefited land owners timely to return the drainage districts to a sound financial condition. Amounts owed between drainage districts or to other funds and refunds owed to contractors should be processed timely.

Response – The large projects that have been $1 million plus are assessed. The landowner can sign a waiver that allows them to make annual payments. Thus the balance will be reduced as the landowners pay the balance and interest.

Conclusion – Response acknowledged. The Board of Supervisors and the Drainage District Board should establish procedures to ensure all drainage district improvement costs are assessed timely to benefited land owners to return the drainage districts to a sound financial condition.

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

The County does not have written policies for:

- password privacy and confidentiality.
- security, including procedures upon termination of employment, minimum password length and maintaining password confidentiality.
- requiring password changes because software does not require the user to change log-ins/passwords periodically.
- ensuring only software licensed to the County is installed on computers.
- usage of the internet, including downloading files.
- requiring user profiles to help limit access to programs to those who have a legitimate need.
- personal use of computer equipment and software.
- requiring personnel to scan media to upgrade computer programs before loading them onto the County's computer systems.

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

Recommendation – The County should develop written policies addressing the above items to improve the County's control over its computer systems. A written disaster recovery plan should be developed, back-up tapes should be stored off site daily in a fireproof vault or safe and passwords should be kept confidential.

Response – The Board will consider developing policies.

Conclusion – Response acknowledged.

(E) Capital Asset Inventory – The capital asset listing is not reviewed periodically to verify assets on the listing exist and all assets are properly included on the capital asset listing. Written authorization is not required from the department heads prior to deleting items from or adding items to the capital asset listing.

Recommendation – A person who does not have responsibility for capital assets or maintenance of the capital asset listing should periodically verify assets on the listing exist and all County capital assets are on the listing. Written authorization should be required before capital assets are deleted from the capital asset listing.

Response – The Board will consider developing policies.

Conclusion – Response acknowledged.

(F) Vacation Accruals/Payouts – County policy allows employees to carry over up to ten days of vacation from one year to the next. An accrual "day" for most County employees is equal to seven hours, based on a 35 hour work week. Employees accrue vacation days based upon the number of years employed, as follows:

- Upon employment: ten days
- After nine years: fifteen days
- After twenty years: twenty days

Based on the maximum number days allowed to be carried over plus the maximum allowed accrual in a year for an employee employed at least twenty years, the most an employee could carry over as a vacation balance at any one time is 210 hours. Upon termination of employment, County policy allows employees who have completed at least one year of continuous service to be paid for all earned but unused vacation.

For the year ended June 30, 2015, 37 employees were allowed to carry over vacation days greater than the maximum allowed 10 days. Of these, 6 employees had accrued vacation over 210 hours, or 30 days.

Recommendation – The County should establish procedures to ensure compliance with the County vacation accrual policy. The County should review vacation balances for all employees and ensure balances do not exceed the amount allowed by County policy.

Response – With a new personnel policy in place, this should be corrected in the next 18 months.

Conclusion – Response accepted.

(G) Receipt Deposits – Receipts are not always deposited timely. Thirty-three receipts tested from various County departments were deposited 15 to 140 days after receipt.

Recommendation – Procedures should be established to ensure all receipts are deposited timely.

Response – Procedures will be reviewed. It is not always easy to assess some state and federal payments and follow ups are done to determine the appropriate fund to be coded.

Conclusion – Response accepted.

(H) Authorized Check Signers – The County Auditor and the County Treasurer are responsible for establishing bank accounts and designating authorized check signers for the accounts. For one account, a prior Auditor's Office employee remained on the bank signature card after their employment ended.

Recommendation – The bank signature cards should be updated as soon as employees leave employment or when the duties of employees have changed.

Response – We believe these are all now corrected. Will establish a policy for departing employees.

Conclusion – Response accepted.

(I) Fuel Card Purchases – The County Sheriff's Office utilizes fuel cards for County owned vehicles. Fuel cards and mileage usage logs are not maintained to verify the reasonableness of the purchases.

Recommendation – The County should establish policies and procedures addressing the use of fuel cards. Fuel cards should be monitored and tracked. In addition, mileage usage logs should be maintained to verify the reasonableness of the purchases.

Response – The Pocahontas County Sheriff's Office is now keeping a log of gas that is purchased on the gas cards to match up with the bills.

Conclusion – Response acknowledged. The County should establish policies and procedures addressing the use of fuel cards. Fuel cards should be monitored and tracked.

(J) Secondary Roads Transfers – On June 14, 2014, the Board of Supervisors approved a resolution authorizing fiscal year 2015 transfers of no more than $110,000 from the General Fund and no more than $1,000,000 from the Special Revenue, Rural Services Fund to the Special Revenue, Secondary Roads Fund. On June 30, 2015, the County transferred $20,000 and $1,090,000 from the General Fund and Rural Services Fund, respectively, to the Secondary Roads Fund. The transfer from the Rural Services Fund exceeded the Board approved resolution.

In addition, the County's transfers to the Secondary Roads Fund were $32,755 less than the minimum local effort required by Chapter 312.2(5) of the Code of Iowa.

Recommendation – The County should ensure transfers made do not exceed the Board approved resolution. The County should ensure the transfers to the Secondary Roads Fund are in compliance with the minimum local effort provisions contained in Chapter 312.2(5) of the Code of Iowa.

Response – This was a typing error while using a resolution template and this will be proofed more carefully in the future.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Chapter 331.434(6) of the Code of Iowa requires the Board of Supervisors to appropriate, by resolution, amounts deemed necessary for each County department during the ensuing fiscal year. For the year ended June 30, 2015, the County could not provide evidence of appropriation of the May 27, 2015 budget amendment. Disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

Recommendation – 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 – Documentation of the appropriations resolution is normally included with the Board minutes and will continue to be from now on. Budget amendments are published and recorded. Changes in appropriations will be listed in the Board minutes. Appropriations will be reviewed carefully to ensure they match the budgeted expenditures.

Conclusion – Response accepted.

(2) Questionable Expenditures – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

Paid to	Purpose	Amount
Pizza Ranch	Board of Health meeting	$ 151
	Economic development meeting	229
	Secondary Roads safety meeting	60
Subway	Board of Health meeting	90
IPERS	Interest and penalties	633

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thing.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the Board should establish written policies and procedures which clearly document the public purpose, including the requirement for proper documentation.

Response – The Board of Supervisors has approved Board of Health meeting expenses to accommodate the member's schedules, particularly the physician. The Economic Development Commission approved the meal expenses for the leadership training of many County residents serving on the Hometown Pride Committees and others as leaders in their communities. The Board of Supervisors also approved as a public benefit.

Conclusion – Response acknowledged. The Board should determine and document the public purpose served by all such disbursements prior to authorizing further payments. Public purpose documentation should be retained and be available upon request.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Ed Dewey, Board Member, employee of Martin Marietta	Road rock	$ 381,594
Ray Wolfe, Conservation Board member, owner of Ray's Plumbing and Heating	Plumbing and heating services	418

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Martin Marietta may represent a conflict of interest since the total transactions exceeded $1,500 during the fiscal year and the transactions were not competitively bid.

The transactions with Ray's Plumbing and Heating do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions were less than $1,500 during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of the purchases from Martin Marietta.

Response – Legal counsel has been consulted.

Conclusion – Response acknowledged. Competitive bids, publicly invited and opened, must be utilized to conduct County business with a member of the Board of Supervisors when the cost exceeds $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 we believe should have been approved in the Board minutes but were not were noted.

Chapter 349.18(1) of the Code of Iowa requires, “All proceedings of each regular, adjourned or special meeting of a board of supervisors…shall be published immediately after the adjournment of the meeting.” Chapter 319.18(3) states, “The county auditor shall furnish a copy of the proceedings to be published within one week following the adjournment of the board.” Certain minutes of Board proceedings were not published timely as required by Chapter 349.18 of the Code of Iowa. For 6 of 10 meetings tested, publication of the minutes ranged from 15 to 43 days after the meeting date.

Recommendation – The County should ensure minutes are published timely, as required.

Response – They are being published timely. There is an occasional time when I have not submitted them before 4 p.m. Thursday thus published late.

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).

In addition, Chapter 571-33.30(6) of the Iowa Administrative Code requires submission of the County’s annual certification by October 1 of each year to qualify the County for annual funding. The County submitted the annual certification on November 4, 2015.

Recommendation – The County should develop procedures to complete the Resource Enhancement and Protection annual certification timely, as required by Chapter 571-33.30(6) Iowa Administrative Code. In addition, the County should consult the Department of Natural Resources to determine the disposition of this matter.

Response – We have always been timely. The Department of Natural Resources was contacted when I realized it had not been filed.

Conclusion – Response accepted.

(9) Payroll Reports and IPERS Remittances – Form W-2s and 1099’s for calendar year 2014 were not filed with the Internal Revenue Service by March 31, 2015 as required. The forms were submitted on November 14, 2015.

The County remits the employer and employee portion of IPERS monthly. However interest is charged if the amount remitted is late or if the amount remitted does not match the amount due. The County paid interest and penalty charges totaling $633 during the year ended June 30, 2015.

Recommendation – The County should file the Internal Revenue Service Forms W-2 and 1099 by March 31, as required, to avoid potential fees and penalties. The County should establish procedures to ensure all IPERS remittances are timely and for the correct amount in order to avoid interest and penalties.

Response – We worked with the Internal Revenue Service in getting documents filed and all reports have now been filed successfully. We will work to ensure all IPERS remittances are timely and for the correct amount.

Conclusion – Response accepted.

(10) Tax Increment Financing (TIF) Reconciliation – For the year ended June 30, 2015, the County Auditor did not prepare a reconciliation to reconcile TIF receipts with total outstanding TIF debt for each City.

Recommendation – In accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa, 'to provide for the division of taxes in each subsequent year without further certification … until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund", the County Auditor should prepare a reconciliation of each City's TIF receipts and TIF debt certified.

Response – The TIF reconciliations are being implemented.

Conclusion – Response accepted.

(11) Drainage Board Meetings – Chapter 21.3 of the Code of Iowa requires, "Each governmental body shall keep minutes of all its meetings showing the date, time and place, the members present, and the action taken at each meeting." Chapter 21.4 of the Code of Iowa states, in part, "….a governmental body shall give notice of the time, date, and place of each meeting including a reconvened meeting of the governmental body, and the tentative agenda of the meeting, in a manner reasonably calculated to apprise the public of that information….Notice shall be given at least twenty-four hours prior to commencement of any meeting…." Public notice of the meetings of the Pocahontas County Drainage Board is not given and a minutes record of the proceedings of each meeting is not maintained, as required.

Recommendation – Meetings of the Drainage Board should be preceded by proper public notice and a minutes record of each meeting should be maintained and retained as required.

Response – All notices are published as needed. Drainage minutes are not published. They are recorded and will be placed in permanent records.

Conclusion – Response accepted.

(12) Annual Financial Report – For the year ended June 30, 2015, the County's cash and GAAP basis Annual Financial Reports included material errors. Revenues, expenditures and fund balances were reported incorrectly for both the General Fund and the Special Revenue Funds.

Recommendation – The County should establish procedures to ensure revenues, expenditures and fund balances are properly reported.

Response – The Auditor's Office is reviewing all funds to make certain they are in the correct General or Special Revenue Funds. We are working on policies and procedures.

Conclusion – Response accepted.

(13) County Ordinances – The County Board of Supervisors has not completed a compilation of County ordinances.

Recommendation – County ordinances should be compiled and published as required by Chapter 331.302(9) of the Code of Iowa.

Response – We will be moving to another provider to get this accomplished.

Conclusion – Response accepted.

(14) Health Insurance – The County provides employees health insurance and other benefits through partial self-funding of the County's health insurance plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan.

Recommendation – The County should obtain an actuarial opinion, issued by a fellow of the Society of Actuaries, as required.

Response – An actuary has been contacted.

Conclusion – Response accepted.

(15) Financial Condition – The Special Revenue, Veterans Grant Fund had a deficit balance of $37 at June 30, 2015.

Recommendation – The County should investigate alternatives to eliminate this deficit to bring the fund to a sound financial condition.

Response – It has been suggested to the Veteran's Affairs Office to spend the money to ensure the payments are in prior to June 30 to avoid the deficit that is showing. I believe we will be better going forward.

Conclusion – Response accepted.

(16) Emergency Management and E911 Service Board – Iowa Code Chapters 29C.9 and 34A.3 establish the County Emergency Management Commission (Commission) and the County Joint E911 Service Board (Service Board), respectively. The Commission and the Service Board are solely responsible for the management and financial decisions of their individual funds which are held as Agency funds by the County. The County purchased items on behalf of the Emergency Management Commission after the Commission decided against the purchase. In addition, the County changed funding codes and switched funds of certain expenditures which were approved expenditures of the Service Board and paid them using funds of the Emergency Management Commission without permission.

Recommendation – The County should establish procedures to pay Agency Fund invoices in accordance with the instructions from the Commission and the Service Board.

Response – This will never happen again.

Conclusion – Response accepted.

(17) E911 Service Board Budget – Chapter 24.9 of the Code of Iowa requires the County E911 Service Board to prepare a proposed budget of all expenses for the ensuing fiscal year. During the year ended June 30, 2015, disbursements exceeded the amounts budgeted.

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 – The E911 Board received money for pre-approved purchases for the State Wireless Board. The account was not amended due to the time constraints at the end of the year. This was brought to the attention of the State Auditors.

Conclusion – Response accepted.

(18) Rural Services Fund Sheriff Expenditures – The County Board of Supervisors is required to determine and clearly document the services provided by the County Sheriff's Office primarily benefit the unincorporated areas of the County before any funding may be used from the Rural Services Fund. The County Board of Supervisors provided funding for Sheriff's Office activities from the Rural Services Fund without required documentation.

Recommendation – The County should consult legal counsel and document whether the uniformed patrol services provided by the Sheriff's Office are primarily intended to benefit those residents residing in the unincorporated areas.

Response – The unincorporated areas have no contract with the Sheriff's office. However, we are bound by law to respond to emergency situations and patrol those areas.

Conclusion – Response acknowledged. The County should consult with legal counsel and document whether the uniformed patrol services provided by the Sheriff's Office are primarily intended to benefit those residents in the unincorporated areas.

(19) 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.

Pocahontas County

Staff

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