



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

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FOR RELEASE

March 30, 2017

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

The County had local tax revenue of \$27,154,679 for the year ended June 30, 2016, which included \$2,002,711 in tax credits from the state. The County forwarded \$21,556,708 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,597,971 of the local tax revenue to finance County operations, a 4.1% increase over the prior year. Other revenues included charges for service of \$1,515,171, operating grants, contributions and restricted interest of \$4,908,987, capital grants, contributions and restricted interest of \$351,379, local option sales tax of \$828,022, unrestricted investment earnings of \$9,612 and other general revenues of \$145,017.

Expenses for County operations for the year ended June 30, 2016 totaled \$11,994,253, an 8.7% decrease from the prior year. Expenses included \$5,598,750 for roads and transportation, \$2,702,581 for public safety and legal services and \$1,012,467 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1610-0061-B00F>.

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MADISON COUNTY

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

JUNE 30, 2016

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Madison County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Aaron Price	Board of Supervisors	Jan 2017
Phil Clifton	Board of Supervisors	Jan 2019
Robert Duff	Board of Supervisors	Jan 2019
Heidi Burhans	County Auditor	Jan 2017
Jana S. Corkrean	County Treasurer	Jan 2019
Lisa Smith	County Recorder	Jan 2019
Jason Barnes	County Sheriff	Jan 2017
Matt Schultz	County Attorney	Jan 2019
Joni J. Hopkins	County Assessor	Jan 2020



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Independent Auditor's Report

To the Officials of Madison 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 Madison County, Iowa, as of and for the year ended June 30, 2016, 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 Madison County as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 52 through 61 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 Madison 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, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 March 21, 2017 on our consideration of Madison 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 Madison County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

March 21, 2017

Madison County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Madison 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, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 3%, or approximately \$383,000, from fiscal year 2015 to fiscal year 2016. Charges for service decreased approximately \$315,000, operating grants, contributions and restricted interest increased approximately \$827,000 and capital grants, contributions and restricted interest decreased approximately \$322,000.
- Program expenses of the County's governmental activities were 8.7%, or approximately \$1,148,000, less in fiscal year 2016 than in fiscal year 2015. Mental health expenses decreased approximately \$632,000 and non-program expenses decreased approximately \$436,000.
- The County's net position increased 7.4%, or approximately \$1,362,000, from June 30, 2015 to June 30, 2016.

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 Madison 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 Madison 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 Madison 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 Internal Service Funds and Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

- 2) A proprietary fund accounts for the County's Internal Service, Fuel, Supplies, Employee Group Health and Unemployment Insurance Funds. 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 drainage districts, emergency management services, Central Iowa Community Services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Madison County's combined net position increased from approximately \$18.4 million to approximately \$19.7 million. The analysis that follows focuses on the changes in the net position of governmental activities.

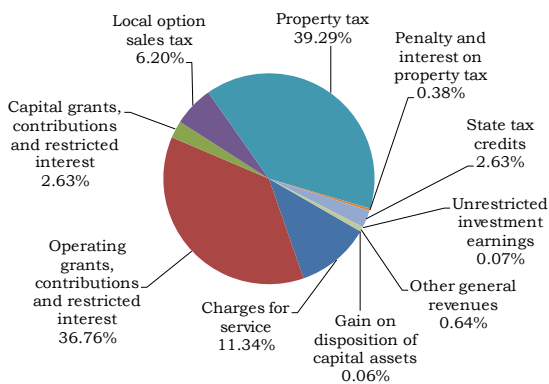
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2016	2015
Current and other assets	\$ 12,689	10,292
Capital assets	18,267	18,194
Total assets	30,956	28,486
Deferred outflows of resources	490	482
Long-term liabilities	4,982	3,545
Other liabilities	832	786
Total liabilities	5,814	4,331
Deferred inflows of resources	5,883	6,250
Net position:		
Net investment in capital assets	17,427	17,294
Restricted	4,577	2,881
Unrestricted	(2,255)	(1,788)
Total net position	\$ 19,749	18,387

Net position of Madison County's governmental activities increased 7.4% (approximately \$19.7 million compared to approximately \$18.4 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of approximately \$1,788,000 at June 30, 2015 to a deficit of approximately \$2,255,000 at the end of this year, a decrease of 26.1%, primarily due to recording the net pension liability.

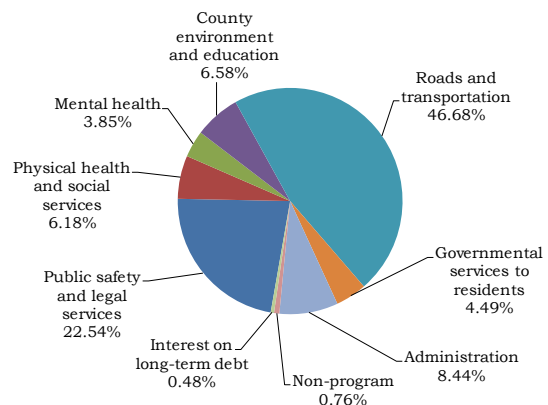
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2016	2015
Revenues:		
Program revenues:		
Charges for service	\$ 1,515	1,830
Operating grants, contributions and restricted interest	4,909	4,082
Capital grants, contributions and restricted interest	351	673
General revenues:		
Property tax	5,247	5,091
Penalty and interest on property tax	51	70
State tax credits	351	287
Local option sales tax	828	783
Unrestricted investment earnings	10	7
Gain on disposition of capital assets	8	67
Other general revenues	86	83
Total revenues	13,356	12,973
Program expenses:		
Public safety and legal services	2,703	2,555
Physical health and social services	741	786
Mental health	462	1,094
County environment and education	789	790
Roads and transportation	5,599	5,591
Governmental services to residents	539	422
Administration	1,012	1,342
Non-program	91	527
Interest on long-term debt	58	35
Total expenses	11,994	13,142
Change in net position	1,362	(169)
Net position beginning of year	18,387	18,556
Net position end of year	\$ 19,749	18,387

Revenues by Source



Expenses by Program



Madison County's net position of governmental activities increased approximately \$1,362,000 during the year. Revenues for governmental activities increased approximately \$383,000 from the prior year, with property tax revenue up from the prior year approximately \$156,000, or 3.1%.

The countywide property tax levy rate increased 1.98%, or \$0.10465 per \$1,000 of taxable valuation, for fiscal year 2016. The rural property tax levy rate increased 1.296% per \$1,000 taxable valuation fiscal year 2016. There was also an increase in the overall valuation of approximately \$17,181,000 resulting in an increase in total property tax levied between fiscal year 2015 and fiscal year 2016 of approximately \$219,565.

The cost of all governmental activities this year was approximately \$12.0 million compared to approximately \$13.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$5.2 million because some of the cost was paid by those directly benefited from the programs (approximately \$1.5 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5.3 million). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2016 from approximately \$6,585,000 to approximately \$6,775,000, principally due to an increase in operating grants, contributions and restricted interest from approximately \$4,082,000 in fiscal year 2015 to approximately \$4,909,000 in fiscal year 2016. The County's overall governmental activities expenses decreased in fiscal year 2016 from approximately \$13,142,000 to approximately \$11,994,000, or 8.7%. This decrease is primarily due to the shift of MHDS expenditures from the County to the Mental Health Region, Central Iowa Community Services.

INDIVIDUAL MAJOR FUND ANALYSIS

As Madison County completed the year, its governmental funds reported a combined fund balance of approximately \$6.0 million, an increase of approximately \$2.1 million from last year's total of approximately \$3.9 million. The 53.5% increase in fund balance is primarily attributable to the following:

- General Fund revenues increased approximately \$213,000, or 4.2%, from the prior year. The primary increase is from an increase in property taxes from new housing developments in the County. Expenditures increased approximately \$100,000, or 2.0%, from the prior year, primarily due to an increase in the hiring of additional staff in the Auditor's office. The ending fund balance increased approximately \$92,000, or 7.3%, from the prior year, from \$1,261,726 to \$1,354,132.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2016, Special Revenue, Mental Health Fund expenditures total approximately \$463,000, a decrease of 57.7% from the prior year. Expenditures decreased in fiscal year 2016 due to remitting funds to the Mental Health Region in fiscal year 2015.
- Special Revenue, Rural Services Fund revenues increased approximately \$74,000, or 3.4%. The primary increase is a result of additional local option sales tax receipts. Expenditures increased approximately \$20,000 when compared to the prior year, primarily due to an increase in health insurance contributions. The ending fund balance increased approximately \$48,000, or 10.7%, from the prior year to \$503,706.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$1,441,000, or 40.5%, from the prior year as a result of an increase in disaster recovery grants received from the Federal Emergency Management Agency (FEMA) and BROS project reimbursements. Expenditures increased approximately \$883,000, or 17.8%, primarily due to additional BROS and FEMA projects. The ending fund balance increased 36.1%, or approximately \$765,000, from the prior year to an ending balance of \$2,882,230.

BUDGETARY HIGHLIGHTS

Over the course of the year, Madison County amended its budget two times. The first amendment, made on January 12, 2016, increased budgeted disbursements for the public safety and legal services, county environment and education, roads and transportation, governmental services to residents and administration functions and decreased budgeted disbursements for the capital projects function. The second amendment, made on June 28, 2016, increased budgeted disbursements for the public safety and legal services, county environment and education and administration functions.

The County's receipts were approximately \$57,000 less than budgeted, a variance of 0.4%. The most significant variance resulted from the County receiving fewer than anticipated grants, specifically grants for a bridge project which was not completed in fiscal year 2016, but more miscellaneous receipts than anticipated.

Total disbursements were approximately \$1,443,000 less than the amended budget. This was primarily due to the County spending approximately \$598,000 less than budgeted for capital projects, approximately \$428,000 less than budgeted for roads and transportation and approximately \$137,000 less than budgeted for physical health and social services.

Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, Madison County had approximately \$18.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$73,000, or 0.4% from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2016	2015
Land	\$ 1,649	1,578
Intangibles	104	104
Construction in progress	356	639
Buildings and improvements	2,290	2,382
Equipment and vehicles	2,570	2,194
Infrastructure	11,298	11,297
Total	\$ 18,267	18,194
This year's major additions included (in thousands):		
Vehicles	\$ 772	
Infrastructure	376	
Total	\$ 1,148	

The County had depreciation expense of \$1,152,794 in fiscal year 2016 and total accumulated depreciation of \$11,936,119 at June 30, 2016.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2016, Madison County had approximately \$1,650,000 of general obligation bonds and notes compared to approximately \$900,000 of general obligation bonds outstanding at June 30, 2015, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2016	2015
General obligation bonds/notes	\$ 1,650	900
Total	\$ 1,650	900

Debt increased as a result of issuing general obligation refunding notes.

The Constitution of the State of Iowa limits the amount of debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Madison County's outstanding debt is significantly below its constitutional debt limit of approximately \$72 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Madison County's elected and appointed officials and citizens consider many factors when budgeting each fiscal year. Tax rates and fees for various county services are only part of what has to be considered. The economy is another major factor. Interest rates continue to be low and document recording fees seem to be coming in slightly stronger than in the recent past. More homes are being refinanced as the mortgage market improves and building permits are holding steady. In addition, union wages are set through June 30, 2017.

Madison County's fund balances are beginning to recover and grow even though budget amendments have been approved annually for the last several years for overtime and part-time wages, insurance premiums and road system projects. The net total of the budget amendments was \$472,362. For fiscal year 2017, health insurance premiums increased \$126,214 and levy rates increased \$0.00010 per \$1,000 of taxable valuation due to the increased premiums.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Madison 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 Madison County Auditor's Office, 112 N John Wayne Drive, Winterset, Iowa 50273-1534.

Madison County

Basic Financial Statements

Exhibit A

Madison County
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 4,896,698
U.S. Treasury notes held by escrow agent	784,115
Receivables:	
Property tax:	
Delinquent	23,090
Succeeding year	5,506,000
Accounts	367,854
Accrued interest	1,839
Due from other governments	701,779
Inventories	407,911
Capital assets, net of accumulated depreciation	<u>18,266,813</u>
Total assets	<u>30,956,099</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>490,111</u>
Liabilities	
Accounts payable	699,412
Accrued interest payable	3,677
Salaries and benefits payable	128,994
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	840,000
Compensated absences	359,210
Portion due or payable after one year:	
General obligation notes	810,000
Compensated absences	301,910
Net pension liability	2,107,951
Net OPEB liability	<u>563,200</u>
Total liabilities	<u>5,814,354</u>
Deferred Inflows of Resources:	
Unavailable property tax revenue	5,506,000
Pension related deferred inflows	<u>376,716</u>
Total deferred inflows of resources	<u>5,882,716</u>
Net Position	
Net investment in capital assets	17,426,813
Restricted for:	
Supplemental levy purposes	252,051
Mental health purposes	138,488
Rural services purposes	481,460
Secondary roads purposes	2,129,112
Debt service	15,077
Other purposes	1,560,857
Unrestricted	<u>(2,254,718)</u>
Total net position	<u>\$ 19,749,140</u>

See notes to financial statements.

Madison County
Statement of Activities
Year ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest		
Expenses					
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,702,581	615,766	57,168	-	(2,029,647)
Physical health and social services	740,969	69,564	235,282	-	(436,123)
Mental health	462,206	-	2,543	-	(459,663)
County environment and education	789,070	142,700	61,147	-	(585,223)
Roads and transportation	5,598,750	166,765	4,502,260	351,379	(578,346)
Governmental services to residents	538,841	359,680	43,805	-	(135,356)
Administration	1,012,467	59,799	6,782	-	(945,886)
Non-program	91,443	100,897	-	-	9,454
Interest on long-term debt	57,926	-	-	-	(57,926)
Total	<u>\$ 11,994,253</u>	<u>1,515,171</u>	<u>4,908,987</u>	<u>351,379</u>	<u>(5,218,716)</u>
General Revenues:					
Property and other county tax levied for general purposes					5,246,850
Penalty and interest on property tax					51,053
State tax credits					351,121
Local option sales tax					828,022
Unrestricted investment earnings					9,612
Gain on disposition of capital assets					8,000
Miscellaneous					85,964
Total general revenues					<u>6,580,622</u>
Change in net position					1,361,906
Net position beginning of year					<u>18,387,234</u>
Net position end of year					<u>\$ 19,749,140</u>

See notes to financial statements.

Madison County
Balance Sheet
Governmental Funds

June 30, 2016

	General	Special Mental Health
Assets		
Cash, cash equivalents and pooled investments	\$ 1,223,328	98,703
U.S. Treasury notes held by escrow agent	-	-
Receivables:		
Property tax:		
Delinquent	19,495	663
Succeeding year	3,800,000	328,000
Accounts	332,656	-
Accrued interest	1,836	-
Due from other governments	66,498	40,000
Inventories	-	-
Advances to other funds	60,000	-
Total assets	\$ 5,503,813	467,366
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 86,161	457
Salaries and benefits payable	48,373	421
Total liabilities	134,534	878
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	3,800,000	328,000
Other	215,147	40,663
Total deferred inflows of resources	4,015,147	368,663
Fund balances:		
Nonspendable:		
Inventories	-	-
Advance to Internal Service Fund	60,000	-
Restricted for:		
Supplemental levy purposes	277,531	-
Mental health purposes	-	97,825
Rural services purposes	-	-
Secondary roads purposes	-	-
Debt service	-	-
Other purposes	-	-
Unassigned	1,016,601	-
Total fund balances	1,354,132	97,825
Total liabilities, deferred inflows of resources and fund balances	\$ 5,503,813	467,366

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
383,403	2,503,355	328,527	4,537,316
-	-	784,115	784,115
2,932	-	-	23,090
1,378,000	-	-	5,506,000
400	30,987	363	364,406
-	-	3	1,839
125,705	438,232	31,344	701,779
-	390,803	-	390,803
-	-	-	60,000
1,890,440	3,363,377	1,144,352	12,369,348
2,103	404,646	15,544	508,911
3,699	76,501	-	128,994
5,802	481,147	15,544	637,905
1,378,000	-	-	5,506,000
2,932	-	-	258,742
1,380,932	-	-	5,764,742
-	390,803	-	390,803
-	-	-	60,000
-	-	-	277,531
-	-	-	97,825
503,706	-	-	503,706
-	2,491,427	-	2,491,427
-	-	15,077	15,077
-	-	1,113,731	1,113,731
-	-	-	1,016,601
503,706	2,882,230	1,128,808	5,966,701
1,890,440	3,363,377	1,144,352	12,369,348

Madison County

Madison County

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

June 30, 2016

Total governmental fund balances (page 21) \$ 5,966,701

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 \$30,202,932 and the accumulated depreciation is \$11,936,119. 18,266,813

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. 258,742

The Internal Service Funds are used by management to charge the costs of the self funding of the County's health insurance benefit plan and other internal costs to individual funds. The assets and liabilities of the Internal Service Funds are included with governmental activities in the Statement of Net Position. 129,437

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	\$ 490,111	
Deferred inflows of resources	<u>(376,716)</u>	113,395

Long-term liabilities, including general obligation bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (4,985,948)

Net position of governmental activities (page 18) \$19,749,140

See notes to financial statements.

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

Year ended June 30, 2016

	General	Special Mental Health
Revenues:		
Property and other county tax	\$ 3,344,767	484,042
Local option sales tax	-	-
Interest and penalty on property tax	50,976	-
Intergovernmental	722,783	37,650
Licenses and permits	1,033	-
Charges for service	995,143	-
Use of money and property	86,418	-
Miscellaneous	31,332	-
Total revenues	<u>5,232,452</u>	<u>521,692</u>
Expenditures:		
Operating:		
Public safety and legal services	2,398,318	-
Physical health and social services	680,539	-
Mental health	-	462,688
County environment and education	509,880	-
Roads and transportation	-	-
Governmental services to residents	543,173	-
Administration	884,308	-
Debt service	-	-
Capital projects	12,261	-
Total expenditures	<u>5,028,479</u>	<u>462,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>203,973</u>	<u>59,004</u>
Other financing sources (uses):		
Sale of capital assets	8,525	-
General obligation notes issued	-	-
Discount on general obligation notes	-	-
Transfers in	-	-
Transfers out	(120,092)	-
Total other financing sources (uses)	<u>(111,567)</u>	<u>-</u>
Change in fund balances	92,406	59,004
Fund balances beginning of year	<u>1,261,726</u>	<u>38,821</u>
Fund balances end of year	<u>\$ 1,354,132</u>	<u>97,825</u>

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
1,416,227	-	-	5,245,036
662,417	-	165,605	828,022
-	-	-	50,976
88,134	4,895,619	19,542	5,763,728
66,810	14,270	-	82,113
4,714	7,626	3,867	1,011,350
-	-	2,984	89,402
15,423	81,476	294,523	422,754
2,253,725	4,998,991	486,521	13,493,381
277,967	-	-	2,676,285
132,765	-	-	813,304
-	-	-	462,688
254,806	-	36,357	801,043
-	5,269,385	-	5,269,385
2,267	-	-	545,440
47,847	-	28,303	960,458
-	-	108,730	108,730
-	574,269	-	586,530
715,652	5,843,654	173,390	12,223,863
1,538,073	(844,663)	313,131	1,269,518
-	-	-	8,525
-	-	810,000	810,000
-	-	(8,307)	(8,307)
-	1,609,690	-	1,609,690
(1,489,598)	-	-	(1,609,690)
(1,489,598)	1,609,690	801,693	810,218
48,475	765,027	1,114,824	2,079,736
455,231	2,117,203	13,984	3,886,965
503,706	2,882,230	1,128,808	5,966,701

Madison County

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

Year ended June 30, 2016

Change in fund balances - Total governmental funds (page 25) \$ 2,079,736

**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	\$ 866,297	
Contributed capital assets	351,379	
Depreciation expense	<u>(1,152,794)</u>	64,882

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 8,000

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	1,814	
Other	<u>(276,271)</u>	(274,457)

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

Issued	(810,000)	
Repaid	<u>60,000</u>	(750,000)

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. 393,598

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	(67,450)	
Other postemployment benefits	(80,100)	
Pension expense	(187,122)	
Interest on long-term debt	<u>(889)</u>	(335,561)

The Internal Service Funds are used by management to charge the costs of the partial self funding of the County's health insurance benefit plan and other internal costs to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 175,708

Change in net position of governmental activities (page 19) \$ 1,361,906

See notes to financial statements.

Madison County
Statement of Net Position
Proprietary Funds

June 30, 2016

	Internal Service
Assets	
Cash and cash equivalents	\$ 359,382
Accounts receivable	3,448
Inventories	17,108
Total assets	379,938
Liabilities	
Accounts payable	190,501
Advance from General Fund	60,000
Total liabilities	250,501
Net Position	
Unrestricted	\$ 129,437

See notes to financial statements.

Madison County

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

Year ended June 30, 2016

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds and employees		\$ 1,997,262
Reimbursements from others		<u>37,246</u>
Total operating revenues		2,034,508
Operating expenses:		
Medical claims	\$ 1,618,268	
Materials and supplies	<u>240,582</u>	<u>1,858,850</u>
Operating income		175,658
Non-operating revenues:		
Interest income		<u>50</u>
Net income		175,708
Net position (deficit) beginning of year		<u>(46,271)</u>
Net position end of year		<u>\$ 129,437</u>

See notes to financial statements.

Madison County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016

	Internal Service
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,934,929
Cash received from others	99,583
Cash paid to suppliers for goods and services	(1,822,184)
Net cash provided by operating activities	212,328
Cash flows from investing activities:	
Interest on investments	50
Net increase in cash and cash equivalents	212,378
Cash and cash equivalents beginning of year	147,004
Cash and cash equivalents end of year	\$ 359,382
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 175,658
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	3
Decrease in inventories	9,637
Increase in accounts payable	27,030
Net cash provided by operating activities	\$ 212,328

See notes to financial statements.

Madison County

Madison County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

Assets

Cash and pooled investments:	
County Treasurer	\$ 15,788,107
Other County officials	16,867
Receivables:	
Property tax:	
Delinquent	36,040
Succeeding year	19,978,000
Accounts	2,894
Accrued interest	488
Special assessments	115,554
Due from other governments	3,342,131
Total assets	39,280,081

Liabilities

Accounts payable	928,074
Salaries and benefits payable	4,198
Due to other governments	38,345,378
Trusts payable	2,431
Total liabilities	39,280,081

Net position	\$ -
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See notes to financial statements.

Madison County

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies

Madison 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, Madison 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 Madison County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Blended Component Unit – Madison County Covered Bridge Preservation Association, Inc. (Association) is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. The Association was established pursuant to Chapter 504A of the Code of Iowa to promote the repair, maintenance and preservation of Madison County's six covered bridges. The Association is reported as a Special Revenue Fund.

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: Madison County Assessor's Conference Board, Madison County Emergency Management Commission, South Central Iowa Regional E-911 Board and the Madison County Empowerment Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Funds – Internal Service Funds are 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 Funds is charges to customers for sales and services. Operating expenses for Internal Service Funds 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 except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

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

Special Assessments Receivable – Special assessments receivable represents the amounts assessed to 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. Delinquent special assessments receivable represents assessments which are due and payable but have not been collected. Succeeding year special assessments receivable represents remaining assessments which are payable but not yet due.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	5,000
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	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

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, compensatory, 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, 2016. 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 revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end.

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

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2016 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, 2016, the County had investments in U.S. Government Treasury Notes with a carrying amount and fair value of \$784,115. Of this amount, \$6,198 matures in December 2016 and \$777,917 matures in June 2017.

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the U.S. Government Treasury Notes of \$784,115 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,694,070 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Concentration of credit risk – The County places no limit on the amount which may be invested in any one issuer.

(3) Advances To and From Other Funds

The detail of advances to/from other funds at June 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General	Internal Service: Fuel	<u>\$ 60,000</u>

The advance between the General Fund and the Internal Service, Fuel Fund resulted from a loan between funds which has not been repaid.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 120,092
	Special Revenue:	
	Rural Services	<u>1,489,598</u>
Total		<u>\$ 1,609,690</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,578,385	70,000	-	1,648,385
Intangibles, road network	104,029	-	-	104,029
Construction in progress	639,014	375,877	(658,777)	356,114
Total capital assets not being depreciated	<u>2,321,428</u>	<u>445,877</u>	<u>(658,777)</u>	<u>2,108,528</u>
Capital assets being depreciated:				
Buildings	3,815,091	-	-	3,815,091
Improvements other than buildings	31,147	-	-	31,147
Equipment and vehicles	7,661,152	779,799	(67,979)	8,372,972
Infrastructure, road network	15,216,417	658,777	-	15,875,194
Total capital assets being depreciated	<u>26,723,807</u>	<u>1,438,576</u>	<u>(67,979)</u>	<u>28,094,404</u>
Less accumulated depreciation for:				
Buildings	1,433,285	91,959	-	1,525,244
Improvements other than buildings	31,147	-	-	31,147
Equipment and vehicles	5,466,955	404,264	(67,979)	5,803,240
Infrastructure, road network	3,919,917	656,571	-	4,576,488
Total accumulated depreciation	<u>10,851,304</u>	<u>1,152,794</u>	<u>(67,979)</u>	<u>11,936,119</u>
Total capital assets being depreciated, net	<u>15,872,503</u>	<u>285,782</u>	<u>-</u>	<u>16,158,285</u>
Governmental activities capital assets, net	<u>\$18,193,931</u>	<u>731,659</u>	<u>(658,777)</u>	<u>18,266,813</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 99,576
Physical health and social services	9,348
County environment and education	21,953
Roads and transportation	968,150
Administration	<u>53,767</u>
Total depreciation expense - governmental activities	<u>\$ 1,152,794</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

Fund	Description	Amount
Agency:		
County Offices	Collections	\$ 16,926
Agricultural Extension Education		228,868
Central Iowa Community Services MHDS		17,056,850
County Assessor		371,134
Schools		12,517,506
Community Colleges		522,420
Corporations		4,410,733
Townships		301,007
County Hospital		1,891,595
Special Assessments		118,457
Auto License and Use Tax		562,698
Other		347,184
Total for agency funds		<u>\$ 38,345,378</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Bonds	General Obligation Refunding Notes	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	\$ 900,000	-	593,670	1,568,139	483,100	3,544,909
Increases	-	810,000	474,071	539,812	83,300	1,907,183
Decreases	60,000	-	406,621	-	3,200	469,821
Balance end of year	<u>\$ 840,000</u>	<u>810,000</u>	<u>661,120</u>	<u>2,107,951</u>	<u>563,200</u>	<u>4,982,271</u>
Due within one year	<u>\$ 840,000</u>	<u>-</u>	<u>359,210</u>	<u>-</u>	<u>-</u>	<u>1,199,210</u>

General Obligation Bonds Payable

A summary of the County's June 30, 2016 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Courthouse Repairs Issued August 25, 2010			General Obligation Refunding Notes Issued June 22, 2016			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2017	2.90%	\$840,000	31,715	-	-	12,937	840,000	44,652	884,652
2018	-	-	-	1.00%	75,000	13,460	75,000	13,460	88,460
2019	-	-	-	1.00	75,000	12,710	75,000	12,710	87,710
2020	-	-	-	1.20	75,000	11,960	75,000	11,960	86,960
2021	-	-	-	1.20	80,000	11,060	80,000	11,060	91,060
2022-2027	-	-	-	2.00	415,000	34,200	415,000	34,200	449,200
2028	-	-	-	2.00	90,000	1,800	90,000	1,800	91,800
Total		<u>\$840,000</u>	<u>31,715</u>		<u>810,000</u>	<u>98,127</u>	<u>1,650,000</u>	<u>129,842</u>	<u>1,779,842</u>

General Obligation Refunding Capital Loan Notes

On June 22, 2016, the County issued \$810,000 of general obligation local option sales and service tax refunding capital loan notes for the crossover advance refunding of \$775,000 of general obligation local sales and service tax bonds dated August 25, 2010.

The County entered into an escrow agreement whereby the proceeds from the general obligation refunding notes were converted into U.S. government securities. These securities were placed in an escrow account for the express purpose of paying the interest on the general obligation refunding notes as due until the cross over date of June 1, 2017, at which time the refunded general obligation local sales and service tax bonds of \$775,000 become callable. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions and balances of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

The refunding was undertaken to reduce future debt service payments by \$60,022 and resulted in an economic gain of \$55,022.

(8) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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 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 more than 22 years of service 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 – 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 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll, for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 were \$393,598.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the County reported a liability of \$2,107,951 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers.

At June 30, 2015, the County's proportion was 0.042667%, which was an increase of 0.003126% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$187,122. At June 30, 2016, 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	\$ 32,698	30,996
Changes of assumptions	59,585	13,365
Net difference between projected and actual earnings on IPERS' investments	-	257,772
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	4,230	74,583
County contributions subsequent to the measurement date	393,598	-
Total	\$ 490,111	376,716

\$393,598 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, 2017. 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
2017	\$ (132,988)
2018	(132,988)
2019	(132,988)
2020	118,204
2021	557
Total	\$ (280,203)

There were no non-employer contributing entities to IPERS.

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

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 4,417,920	2,107,951	160,031

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 – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 84 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 96,000
Interest on net OPEB obligation	12,100
Adjustment to annual required contribution	<u>(24,800)</u>
Annual OPEB cost	83,300
Contributions made	<u>(3,200)</u>
Increase in net OPEB obligation	80,100
Net OPEB obligation beginning of year	<u>483,100</u>
Net OPEB obligation end of year	<u>\$ 563,200</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the County contributed \$3,200 to the medical plan. Plan members eligible for benefits contributed \$10,415, or 76% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 77,100	7.9%	\$ 404,700
2015	82,300	4.7	483,100
2016	83,300	3.8	563,200

Funded Status and Funding Progress – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$692,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$692,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,304,000 and the ratio of the UAAL to covered payroll was 16.1%. As of June 30, 2016, there were no trust fund assets.

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

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

As of the July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table 2000, applied on a gender-specific basis. Modest employee turnover and retirement rates were assumed for active employees.

Projected claim costs of the medical plan are \$841 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) 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 from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2016 was \$1,722,140.

Amounts payable from the Employee Group Health Fund at June 30, 2016 total \$175,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$87,177 at June 30, 2016 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. 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	\$ 150,000
Incurred claims (including claims incurred but not reported at June 30, 2016)	1,618,268
Payments on claims during the fiscal year	<u>1,593,268</u>
Unpaid claims end of year	<u>\$ 175,000</u>

(12) Deficit Balances

At June 30, 2016, the Internal Service, Supplies Fund had a deficit balance of \$337. The County is investigating alternatives to eliminate the deficit.

(13) Loan to Boone County

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization. In June 2006, Madison County agreed to loan \$25,000 to Boone County for startup costs. In January 2008, County Community Services prepared, and its Board approved, a document stating the \$25,000 and another \$15,000 contributed by Madison County in October 2006 were loaned to Boone County for the benefit of County Community Services. The agreement states the loan will be repaid to Madison County if County Community Services ceases to exist.

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

Central Iowa Community Services, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Boone County, Franklin County, Hamilton County, Hardin County, Jasper County, Marshall County, Poweshiek County, Story County, Warren County and Madison County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2016, as follows:

Revenues:		
Property and other county tax		\$484,042
Intergovernmental:		
State tax credits	\$34,902	
Social services block grant	2,543	
Other	205	37,650
Total revenues		<u>521,692</u>
Expenditures:		
Services to persons with:		
Mental illness		13,648
General administration:		
Direct administration	2,448	
Distribution to regional fiscal agent	446,592	449,040
Total expenditures		<u>462,688</u>
Excess of expenditures over revenues		59,004
Fund balance beginning of year		<u>38,821</u>
Fund balance end of year		<u>\$ 97,825</u>

(15) Subsequent Event

On February 28, 2017, the County issued \$400,000 of general obligation capital loan notes to purchase and renovate a building for additional county office space.

(16) New Accounting Pronouncement

The County adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

Madison County

Required Supplementary Information

Madison 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, 2016

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 6,062,176	-	6,062,176
Interest and penalty on property tax	50,976	-	50,976
Intergovernmental	5,665,595	-	5,665,595
Licenses and permits	80,864	-	80,864
Charges for service	1,008,052	-	1,008,052
Use of money and property	86,703	2,963	83,740
Miscellaneous	585,887	34,123	551,764
Total receipts	13,540,253	37,086	13,503,167
Disbursements:			
Public safety and legal services	2,675,287	-	2,675,287
Physical health and social services	817,419	-	817,419
Mental health	462,437	-	462,437
County environment and education	814,652	33,914	780,738
Roads and transportation	5,254,434	-	5,254,434
Governmental services to residents	529,836	-	529,836
Administration	993,343	-	993,343
Debt service	94,030	-	94,030
Capital projects	586,602	-	586,602
Total disbursements	12,228,040	33,914	12,194,126
Excess of receipts over disbursements	1,312,213	3,172	1,309,041
Other financing sources, net	7,200	-	7,200
Excess of receipts and other financing sources over disbursements and other financing uses	1,319,413	3,172	1,316,241
Balance beginning of year	3,217,903	106,070	3,111,833
Balance end of year	\$ 4,537,316	109,242	4,428,074

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
5,951,398	5,951,398	110,778
67,255	67,255	(16,279)
5,788,415	6,300,759	(635,164)
47,993	47,993	32,871
1,031,623	1,039,768	(31,716)
87,048	87,074	(3,334)
54,198	65,588	486,176
13,027,930	13,559,835	(56,668)
2,684,457	2,761,467	86,180
954,344	954,344	136,925
512,565	512,565	50,128
794,646	825,800	45,062
4,592,873	5,681,998	427,564
515,883	546,693	16,857
1,013,812	1,075,999	82,656
94,055	94,055	25
2,254,297	1,184,558	597,956
13,416,932	13,637,479	1,443,353
(389,002)	(77,644)	1,386,685
7,500	7,500	(300)
(381,502)	(70,144)	1,386,385
4,203,483	4,203,483	(1,091,650)
3,821,981	4,133,339	294,735

Madison County

Madison County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2016

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 13,540,253	(46,872)	13,493,381
Expenditures	12,228,040	(4,177)	12,223,863
Net	1,312,213	(42,695)	1,269,518
Other financing sources, net	7,200	803,018	810,218
Beginning fund balances	3,217,903	669,062	3,886,965
Ending fund balances	\$ 4,537,316	1,429,385	5,966,701

See accompanying independent auditor's report.

Madison County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2016

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$220,547. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted.

Madison County

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

Iowa Public Employees' Retirement System
For the Last Two Years*
(In Thousands)

Required Supplementary Information

	2016	2015
County's proportion of the net pension liability	0.042667%	0.039541%
County's proportionate share of the net pension liability	\$ 2,108	1,568
County's covered-employee payroll	\$ 4,129	4,034
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.05%	38.87%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Madison County

Schedule of County Contributions

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

Required Supplementary Information

	2016	2015	2014	2013
Statutorily required contribution	\$ 394	384	373	365
Contributions in relation to the statutorily required contribution	(394)	(384)	(373)	(365)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered-employee payroll	\$ 4,285	4,129	4,034	4,029
Contributions as a percentage of covered-employee payroll	9.19%	9.30%	9.25%	9.06%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
342	267	239	295	211	189
(342)	(267)	(239)	(295)	(211)	(189)
-	-	-	-	-	-
3,975	3,542	3,379	4,019	3,039	2,831
8.60%	7.54%	7.07%	7.34%	6.94%	6.68%

Madison County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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.

Legislative action in 2008 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.

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 future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

Madison 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		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2010	Jul 1, 2009	-	\$ 667	667	0.0%	\$ 3,174	21.0%
2011	Jul 1, 2009	-	616	616	0.0	3,698	17.0
2012	Jul 1, 2009	-	616	616	0.0	3,978	16.0
2013	Jul 1, 2012	-	642	642	0.0	4,039	16.0
2014	Jul 1, 2012	-	642	642	0.0	4,020	16.0
2015	Jul 1, 2012	-	608	608	0.0	4,156	14.6
2016	Jul 1, 2015	-	692	692	0.0	4,304	16.1

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

See accompanying independent auditor's report.

Madison County

Supplementary Information

Madison County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2016

	County Recorder's Records Management	Resource Enhancement and Protection	Special Covered Bridge
Assets			
Cash and pooled investments	\$ 29,099	63,405	1
U.S. Treasury notes held by escrow agent	-	-	-
Accounts receivable	363	-	-
Accrued interest	1	2	-
Due from other governments	-	-	-
Total assets	\$ 29,463	63,407	1
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	281	-
Fund balances:			
Restricted for:			
Debt service	-	-	-
Other purposes	29,463	63,126	1
Total fund balances	29,463	63,126	1
Total liabilities and fund balances	\$ 29,463	63,407	1

See accompanying independent auditor's report.

Revenue							
Local Option Sales Tax	Sheriff McDee	County Attorney Forfeiture	Covered Bridge Preservation Association	Debt Service	Capital Projects		Total
100,771	9,728	1,204	109,242	15,077	-		328,527
784,115	-	-	-	-	-		784,115
-	-	-	-	-	-		363
-	-	-	-	-	-		3
31,344	-	-	-	-	-		31,344
916,230	9,728	1,204	109,242	15,077	-		1,144,352
15,263	-	-	-	-	-		15,544
-	-	-	-	15,077	-		15,077
900,967	9,728	1,204	109,242	-	-		1,113,731
900,967	9,728	1,204	109,242	15,077	-		1,128,808
916,230	9,728	1,204	109,242	15,077	-		1,144,352

Madison County

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

Year ended June 30, 2016

	County Recorder's Records Management	Resource Enhancement and Protection	Special Covered Bridge
Revenues:			
Local option sales tax	\$ -	-	-
Intergovernmental	-	19,542	-
Charges for service	3,867	-	-
Use of money and property	6	15	-
Miscellaneous	-	-	-
Total revenues	3,873	19,557	-
Expenditures:			
Operating:			
County environment and education Administration	226	2,443	-
Debt service	-	-	-
Total expenditures	226	2,443	-
Excess of revenues over expenditures	3,647	17,114	-
Other financing sources (uses):			
General obligation notes issued	-	-	-
Discount on general obligation notes	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	3,647	17,114	-
Fund balances beginning of year	25,816	46,012	1
Fund balances end of year	\$ 29,463	63,126	1

See accompanying independent auditor's report.

Revenue							
Local Option Sales Tax	Sheriff McDee	County Attorney Forfeiture	Covered Bridge Preservation Association	Debt Service	Capital Projects		Total
165,605	-	-	-	-	-		165,605
-	-	-	-	-	-		19,542
-	-	-	-	-	-		3,867
-	-	-	2,963	-	-		2,984
262	-	-	34,123	-	260,138		294,523
165,867	-	-	37,086	-	260,138		486,521
-	-	-	33,914	-	-		36,357
28,077	-	-	-	-	-		28,303
108,730	-	-	-	-	-		108,730
136,807	-	-	33,914	-	-		173,390
29,060	-	-	3,172	-	260,138		313,131
810,000	-	-	-	-	-		810,000
(8,307)	-	-	-	-	-		(8,307)
801,693	-	-	-	-	-		801,693
830,753	-	-	3,172	-	260,138		1,114,824
70,214	9,728	1,204	106,070	15,077	(260,138)		13,984
900,967	9,728	1,204	109,242	15,077	-		1,128,808

Schedule 3

Madison County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2016

	Fuel	Supplies	Employee Group Health	Unemploy- ment Insurance	Total
Assets					
Cash and cash equivalents	\$81,173	93	262,168	15,948	359,382
Accounts receivable	3,439	-	9	-	3,448
Inventories	17,108	-	-	-	17,108
Total assets	101,720	93	262,177	15,948	379,938
Liabilities					
Accounts payable	15,071	430	175,000	-	190,501
Advance from General Fund	60,000	-	-	-	60,000
Total liabilities	75,071	430	175,000	-	250,501
Net Position					
Unrestricted (deficit)	\$26,649	(337)	87,177	15,948	129,437

See accompanying independent auditor's report.

Madison County

Combining Schedule of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds

Year ended June 30, 2016

	Fuel	Supplies	Employee Group Health	Unemploy- ment Insurance	Total
Operating revenues:					
Reimbursements from operating funds and employees	\$ 209,779	15,343	1,772,140	-	1,997,262
Reimbursements from others	11,780	-	24,383	1,083	37,246
Total operating revenues	221,559	15,343	1,796,523	1,083	2,034,508
Operating expenses:					
Medical claims	-	-	1,618,268	-	1,618,268
Materials and supplies	223,984	16,598	-	-	240,582
Total operating expenses	223,984	16,598	1,618,268	-	1,858,850
Operating income	(2,425)	(1,255)	178,255	1,083	175,658
Non-operating revenues:					
Interest income	-	-	50	-	50
Net income	(2,425)	(1,255)	178,305	1,083	175,708
Net position beginning of year	29,074	918	(91,128)	14,865	(46,271)
Net position (deficit) end of year	\$ 26,649	(337)	87,177	15,948	129,437

See accompanying independent auditor's report.

Madison County

Madison County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2016

	Fuel	Supplies	Employee Group Health	Unemploy- ment Insurance	Total
Cash flows from operating activities:					
Cash received from operating fund reimbursements	\$ 209,792	14,834	1,710,303	-	1,934,929
Cash received from others	11,780	509	86,211	1,083	99,583
Cash paid to suppliers for goods and services	(212,748)	(16,168)	(1,593,268)	-	(1,822,184)
Net cash provided (used) by operating activities	8,824	(825)	203,246	1,083	212,328
Cash flows from investing activities:					
Interest on investments	-	-	50	-	50
Net increase (decrease) in cash and cash equivalents	8,824	(825)	203,296	1,083	212,378
Cash and cash equivalents beginning of year	72,349	918	58,872	14,865	147,004
Cash and cash equivalents end of year	\$ 81,173	93	262,168	15,948	359,382
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (2,425)	(1,255)	178,255	1,083	175,658
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in accounts receivable	12	-	(9)	-	3
Decrease in inventories	9,637	-	-	-	9,637
Increase in accounts payable	1,600	430	25,000	-	27,030
Net cash provided (used) by operating activities	\$ 8,824	(825)	203,246	1,083	212,328

See accompanying independent auditor's report.

Madison County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	County Offices	Agricultural Extension Education	Central Iowa Community Services	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,411	14,646,586	91,830	136,095
Other county officials	16,867	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	457	-	573	24,411
Succeeding year	-	226,000	-	283,000	12,357,000
Accounts	490	-	-	-	-
Accrued interest	-	-	488	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	3,337,536	-	-
Total assets	\$ 17,357	228,868	17,984,610	375,403	12,517,506
Liabilities					
Accounts payable	\$ -	-	927,760	71	-
Salaries and benefits payable	-	-	-	4,198	-
Due to other governments	16,926	228,868	17,056,850	371,134	12,517,506
Trusts payable	431	-	-	-	-
Total liabilities	\$ 17,357	228,868	17,984,610	375,403	12,517,506

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Special Assessments	Auto License and Use Tax	Other	Total
5,386	40,560	3,440	20,821	2,903	560,294	277,781	15,788,107
-	-	-	-	-	-	-	16,867
1,034	5,173	567	3,774	-	-	51	36,040
516,000	4,365,000	297,000	1,867,000	-	-	67,000	19,978,000
-	-	-	-	-	2,404	-	2,894
-	-	-	-	-	-	-	488
-	-	-	-	115,554	-	-	115,554
-	-	-	-	-	-	4,595	3,342,131
522,420	4,410,733	301,007	1,891,595	118,457	562,698	349,427	39,280,081
-	-	-	-	-	-	243	928,074
-	-	-	-	-	-	-	4,198
522,420	4,410,733	301,007	1,891,595	118,457	562,698	347,184	38,345,378
-	-	-	-	-	-	2,000	2,431
522,420	4,410,733	301,007	1,891,595	118,457	562,698	349,427	39,280,081

Madison County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2016

Assets and Liabilities	County	Agricultural	Central Iowa	County	
	Offices	Extension Education	Community Services	Assessor	Schools
Balances beginning of year	\$ 21,673	216,917	17,624,574	389,367	12,356,491
Additions:					
Property and other county tax	-	229,231	-	286,298	12,488,806
State tax credits	-	15,755	-	14,662	915,896
Office fees and collections	952,046	-	-	-	-
Electronic transaction fees	-	-	-	-	-
Intergovernmental	-	-	6,359,954	-	-
Use of money and property	-	-	3,722	4,586	-
Drivers license fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	21,480	-	-	-	-
Miscellaneous	-	-	6,539	-	-
Total additions	973,526	244,986	6,370,215	305,546	13,404,702
Deductions:					
Agency remittances:					
To other funds	732,737	-	-	337	-
To other governments	223,045	233,035	6,010,179	319,173	13,243,687
Trusts paid out	22,060	-	-	-	-
Total deductions	977,842	233,035	6,010,179	319,510	13,243,687
Balances end of year	\$ 17,357	228,868	17,984,610	375,403	12,517,506

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Special Assess- ments	Auto License and Use Tax	Other	Total
483,490	4,250,530	299,806	1,874,844	114,985	590,925	320,325	38,543,927
523,224	4,083,505	307,865	1,893,700	-	-	92,489	19,905,118
35,104	515,782	16,164	136,053	-	-	2,174	1,651,590
-	-	-	-	-	-	-	952,046
-	-	-	-	-	-	3,867	3,867
-	-	-	-	-	-	-	6,359,954
-	-	-	-	-	-	-	8,308
-	-	-	-	-	25,850	-	25,850
-	-	-	-	-	5,824,339	-	5,824,339
-	-	-	-	53,543	-	-	53,543
-	-	-	-	-	-	-	21,480
-	980	-	-	-	-	522,822	530,341
558,328	4,600,267	324,029	2,029,753	53,543	5,850,189	621,352	35,336,436
-	-	-	-	-	193,602	-	926,676
519,398	4,440,064	322,828	2,013,002	50,071	5,684,814	592,250	33,651,546
-	-	-	-	-	-	-	22,060
519,398	4,440,064	322,828	2,013,002	50,071	5,878,416	592,250	34,600,282
522,420	4,410,733	301,007	1,891,595	118,457	562,698	349,427	39,280,081

Madison County

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

For the Last Ten Years

	2016	2015	2014	2013
Revenues:				
Property and other county tax	\$ 5,245,036	5,102,423	5,103,832	4,950,192
Local option sales tax	828,022	782,964	616,372	638,033
Interest and penalty on property tax	50,976	68,799	62,203	54,362
Intergovernmental	5,763,728	4,303,079	3,810,503	4,268,480
Licenses and permits	82,113	77,368	74,010	51,876
Charges for service	1,011,350	999,314	1,097,147	1,049,418
Use of money and property	89,402	80,382	82,091	87,971
Miscellaneous	422,754	84,568	185,974	132,709
Total	<u>\$ 13,493,381</u>	<u>11,498,897</u>	<u>11,032,132</u>	<u>11,233,041</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,676,285	2,621,374	2,584,643	2,576,984
Physical health and social services	813,304	787,797	656,646	646,271
Mental health	462,688	1,093,759	158,846	538,171
County environment and education	801,043	776,979	708,773	431,731
Roads and transportation	5,269,385	4,961,120	4,482,822	4,623,156
Governmental services to residents	545,440	440,382	462,328	710,190
Administration	960,458	1,037,060	1,159,194	858,981
Debt service	108,730	95,365	96,850	97,615
Capital projects	586,530	330,927	93,750	839
Total	<u>\$ 12,223,863</u>	<u>12,144,763</u>	<u>10,403,852</u>	<u>10,483,938</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
2012	2011	2010	2009	2008	2007
4,889,033	4,686,472	4,577,982	4,188,008	3,922,927	3,867,637
657,207	602,982	520,628	550,144	590,756	565,184
73,249	67,508	69,986	67,857	56,820	55,586
4,507,478	4,588,148	4,564,032	5,039,690	4,843,465	4,597,043
47,457	50,271	43,816	53,116	60,676	78,218
964,730	997,725	853,295	843,810	827,092	695,027
85,308	92,295	116,991	148,741	260,310	296,128
219,062	94,568	149,770	95,833	90,103	145,912
<u>11,443,524</u>	<u>11,179,969</u>	<u>10,896,500</u>	<u>10,987,199</u>	<u>10,652,149</u>	<u>10,300,735</u>
2,662,269	2,414,981	2,407,600	2,253,877	2,135,309	2,095,972
676,795	638,138	730,227	667,658	696,699	521,118
2,096,367	1,162,155	1,218,829	1,138,136	1,289,301	1,296,836
226,955	622,784	613,421	662,155	674,718	515,099
4,864,203	4,324,970	3,875,440	4,088,516	4,333,549	3,203,353
458,115	436,243	427,940	415,448	398,227	376,671
811,147	962,660	838,801	1,250,962	863,733	771,529
93,460	113,432	80,362	81,278	180,158	186,885
1,053,555	603,619	832,758	152,549	673,579	1,044,329
<u>12,942,866</u>	<u>11,278,982</u>	<u>11,025,378</u>	<u>10,710,579</u>	<u>11,245,273</u>	<u>10,011,792</u>

Madison County
Schedule of Expenditures of Federal Awards
June 30, 2016

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U. S. Department of Interior:			
Payments In Lieu of Taxes	15.226		\$ 12,678
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		5,032
U. S. Department of the Interior:			
State Historical Society of Iowa:			
Historic Preservation Fund Grants-In-Aid	15.904	2014-S-08	11,999
U. S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-16-96-CJ	18,038
Violence Against Women Formula Grants	16.588	VW-16-96-CJ	15,738
U. S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO61(96)-8J-61	1,562
	20.205	BROS-CO61(99)-8J-61	284,345
	20.205	BROS-CO61(102)-8J-61	34,718
			320,625
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT461	4,203
Immunization Cooperative Agreements	93.268	5885I452	1,073
Immunization Cooperative Agreements	93.268	5886I452	5,252
			6,325
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance _State Administered Programs	93.566		15
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,334
Foster Care_Title IV-E	93.658		1,885
Adoption Assistance	93.659		657
Social Services Block Grant	93.667		1,577
Children's Health Insurance Program	93.767		36
Medical Assistance Program	93.778		9,551
Community-Based Child Abuse Prevention Grants	93.590	ACFS 14-222 & ACFS 14-223	2,230

Madison County
 Schedule of Expenditures of Federal Awards
 June 30, 2016

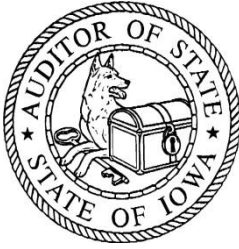
Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U. S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	FEMA-1930-DR-IA	640,159
Emergency Management Performance Grants	97.042	EMPG-16-PT-61	<u>11,470</u>
Total Indirect			<u>1,050,874</u>
Total			<u>\$ 1,063,552</u>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Madison County under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Madison County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Madison County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Madison County has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

Madison County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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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 Madison 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 Madison County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 21, 2017.

Internal Control Over Financial Reporting

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

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items II-A-16 and II-B-16 we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 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.


Madison County's Responses to the Findings

Madison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Madison 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.

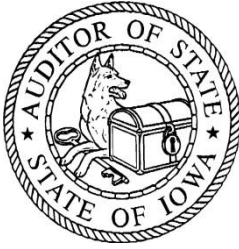
Purpose of this Report

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 Madison County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State

March 21, 2017



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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State Capitol Building
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Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Madison County:

Report on Compliance for Each Major Federal Program

We have audited Madison County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2016. Madison County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Madison County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Madison County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Madison County's compliance.

Opinion on the Major Federal Program

In our opinion, Madison County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.


Report on Internal Control Over Compliance

The management of Madison County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madison County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madison County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State

March 21, 2017

Madison County
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) The major program was CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disaster).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Madison County did not qualify as a low-risk auditee.

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-16 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition - Generally, one or two individuals in the offices identified have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) One individual has control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts.	Ambulance, Conservation Board, Public Health Nurse, County Extension Office and Madison County Covered Bridge Preservation Association
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Madison County Covered Bridge Preservation Association and Sheriff
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	Sheriff

Cause - The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

Sheriff – The Senior Deputy will be responsible for the bank reconciliation duties effective immediately. This will allow the Chief Deputy to continue recording and documenting all monies coming in the Sheriff's office and it will segregate the duties for recording and reconciling.

At this time, we do not have the personnel to allow one person to prepare a check and another to sign the check. However as the Sheriff's Office expands and more people are hired, the practice will be implemented.

Ambulance – Our staff will do the best to segregate the duties with the limited amount of staff in the ambulance department.

County Extension Office – In an effort to segregate duties, a separate staff person will open daily mail and record any receipts that may be received.

Conservation Board – The Madison County Conservation Board attempts to segregate the responsibility of collections in the most feasible manner possible given the size of our staff.

Non-Reservation Camping Fee Collections (paid on-site): The 4 person full-time staff currently rotates 3 employees (Jim Liechty, Steve Pearson, and Terry McNamara) for weekend camping responsibilities on a weekly schedule. The Conservation Board established a Camp Ground Host Program in 2011. Two sets of camp hosts (scheduled on a monthly basis) are responsible for collecting fees and registration envelopes. The campground host collects the camping fees and registration envelopes on a daily basis and the County Conservation Board staff-person "on-duty" for each respective weekend, collects the camping receipt envelopes and fees from the host on Saturday and Sunday mornings. A second staff person re-counts all weekend camping revenue on Monday mornings and we provide two sets of initialing on camping receipts deposited with the Madison County Treasurer.

Advanced Reservation Camping Fee Collections (paid in advance): *All advanced camping reservation fees are transacted by credit card only.* All four full-time staff (Jim Liechty, Steve Pearson, Molly Hanson and Terry McNamara) are responsible for taking reservations and operating the "phone-in" credit card transactions. These same staff members are also responsible for filling out corresponding registration envelopes.

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Shelter, Cabins and Equipment Rental Fees: Almost 100% of these transactions are conducted by phone utilizing credit card payments (*we require credit card transactions for all phone-in reservations*). All staff personnel participate in taking such reservations and conducting the credit card transactions (depending on who is in the office or which staff person takes the phone call). Utilizing credit card transactions as the primary payment method (we discourage cash or checks for such rentals) provides an additional paper trail from our credit card provider and associated local bank depository. A second staff person re-counts weekly revenue from these sources on Monday mornings and we provide two sets of initialing on receipts deposited with the Madison County Treasurer.

Environmental Education Program Fees: For most environmental education programs which require a fee, registrants usually mail their registration form and fee to our PO Box. These registrations and fees are usually addressed in a manner which identify them to be directed to the Naturalist, who in turn is responsible to document and deposit the fees utilizing the same duplication of initialing as mentioned above for other types of fee collections.

Mail Collection: Normally the Director, Jim Liechty, picks up mail from the post office box. Mail is then distributed to appropriate staff. When Mr. Liechty is vacation, Mr. Hanson normally handles all mail pickups. Since most facility reservation revenue is handled by credit card transaction, very little mail contains user fees, with the exception being Environmental Education programming fees (see above).

The only time we would depart from these procedures is if there is a staffing shortage in which only one staff person is present in the office for an extended period of time due to vacations, sickness or other causes requiring the absence of other staff personnel to provide duplicate initialing of deposits.

Public Health Nurse – Due to lack of staff members in office, the recommendation will be difficult to implement. However, best efforts will be conducted to utilize additional persons with segregation of financial receipts duties.

Madison County Covered Bridge Preservation Association – The Madison County Bridge Preservation Association has a limited number of active members but we will continue to work toward a method of reconciling receipts that will include more members and find an independent person to do bank reconciliation.

Conclusion – Responses accepted.

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

II-B-16 Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition - Material amounts of bond proceeds and capital asset additions were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require independent review of year-end cut-off transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

Recommendation – The County should establish procedures to ensure all bond proceeds and capital asset additions are identified and properly reported in the County's financial statements.

Response – The County will follow the State's recommendation and strive for accurate reporting.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Madison County
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major program were noted.

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-16 Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.
- IV-B-16 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-16 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-16 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Carla Burhans, Mother of County Auditor	Election assistance	\$ 24
Dick Burhans, Father of County Auditor	Township meeting	100
David Falke, Husband of Public Health Director, owner of Falke Construction	Waste removal	258
Mike Hobart, Father of Deputy County Assessor, Brother-in-law of Auditor Clerk	Township meeting	50
Jeff Johnston, part-time Ambulance employee, independent contractor	Lawn care and snow removal, per bid	8,670
Connie Manny, Mother of Human Resources Director	Township meeting	130
Jeff Manny, Father of Human Resources Director	Township meeting	50
Jen McErlean, Daughter of Deputy County Auditor	Compensation board meeting	50

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with the mother of the County Auditor, the father of the County Auditor, the husband of the County Public Health Director, the brother-in-law of the Auditor Clerk, the mother of the Human Resources Director, the father of the Human Resources Director and the daughter of the Deputy County Auditor do not appear to represent conflicts of interest since the transactions with each individual were less than \$1,500 during the fiscal year.

In accordance with Chapter 331.442(2)(c) of the Code of Iowa, the transaction with the part-time ambulance employee does not appear to represent a conflict of interest since the work was competitively bid.

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

- IV-E-16 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.
- IV-F-16 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-16 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.
- IV-H-16 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).
- IV-I-16 Financial Condition – The Internal Service, Supplies Fund had a deficit fund balance of \$337 at June 30, 2016.

Recommendation – The County should investigate alternatives to eliminate the deficit and return the fund to a sound financial position.

Response – The County will follow the State’s recommendation and prevent future deficit fund balances.

Conclusion – Response accepted.

- IV-J-16 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, 2016 for the County Extension Office did not exceed the amount budgeted.

- IV-K-16 Gun Safety Account – The County Sheriff maintains a bank account for the gun safety account. The financial activity of this account is not reflected in the County’s financial statements and has not been included in the County’s annual budget.

Recommendation – Gun safety class receipts should be remitted to the County Treasurer and credited to a Special Revenue Fund in order to reflect this activity in the County’s annual budget and financial statements.

Response – Once the current balance on hand is diminished, it is the Sheriff’s plan to close this account. In the event of future classes and revenue, that money will be turned into the Madison County Treasurer and added to the General Fund.

Conclusion – Response acknowledged. However, all gun safety class receipts should be remitted to the County Treasurer.

Madison County

Staff

This audit was performed by:

Jennifer L. Wall, CPA, Manager
Ryan T. Jelsma, Senior Auditor II
Cole J. Hanley, Staff Auditor
Cole L. Hocker, Staff Auditor
Erin J. Sietstra, Staff Auditor
Mallory A. Sims, Staff Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State