

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

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NEWS RELEASE

FOR RELEASE

June 7, 2017

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

The County had local tax revenue of \$40,712,730 for the year ended June 30, 2016, which included \$3,055,995 in tax credits from the state. The County forwarded \$32,563,515 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,149,215 of the local tax revenue to finance County operations, a 1.4% increase over the prior year. Other revenues included charges for service of \$6,321,791, operating grants, contributions and restricted interest of \$4,140,640, capital grants, contributions and restricted interest of \$796,005, tax increment financing of \$190,059, local option sales tax of \$971,297, unrestricted investment earnings of \$124,713 and other general revenues of \$412,320.

Expenses for County operations for the year ended June 30, 2016 totaled \$18,646,007, a 3.1% increase over the prior year. Expenses included \$7,149,241 for roads and transportation, \$3,487,751 for public safety and legal services and \$1,898,191 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/1610-0008-B00F>.

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BOONE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2016

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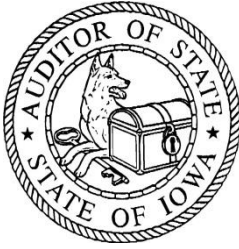
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Boone County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Foster	Board of Supervisors	Jan 2017
Chet Hollingshead	Board of Supervisors	Jan 2017
Steve Duffy	Board of Supervisors	Jan 2019
Philippe Meier	County Auditor	Jan 2017
Darcy Bosch	County Treasurer	Jan 2019
Veronica Rardin	County Recorder	Jan 2019
Greg Elsberry	County Sheriff	Jan 2017
Daniel Kolacia	County Attorney	Jan 2019
Paul Overton	County Assessor	Jan 2022

Boone County



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Independent Auditor's Report

To the Officials of Boone County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 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, the business type activities, each major fund and the aggregate remaining fund information of Boone 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 22 and 64 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2017 on our consideration of Boone County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Boone County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

May 26, 2017

Boone County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Boone County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year (FY) ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FISCAL YEAR 2016 FINANCIAL HIGHLIGHTS

- Boone County's governmental activities revenues increased \$151,654, or less than 1%, compared to FY2015. Taxes levied on property decreased \$11,276, or less than 1% from FY2015.
- Boone County's governmental activities expenses increased \$621,376, or 4%, compared to FY2015.
- Boone County's total net position increased \$2,460,033 over the FY2015 balance, or approximately 5.1%.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Boone County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Boone County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Boone County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of financial position. Boone County’s combined net position increased 5.1% from a year ago, increasing from approximately \$48.4 million to approximately \$50.8 million. The analysis that follows focuses on the net position of governmental and business type activities.

Net Position of Boone County Activities						
	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 16,897,932	15,831,154	7,589,762	7,853,840	24,487,694	23,684,994
Capital assets	42,777,541	43,184,831	5,153,542	2,583,574	47,931,083	45,768,405
Total assets	59,675,473	59,015,985	12,743,304	10,437,414	72,418,777	69,453,399
Deferred outflows of resources	693,794	704,103	62,865	48,508	756,659	752,611
Long-term liabilities	8,229,240	7,663,197	4,605,195	3,959,557	12,834,435	11,622,754
Other liabilities	829,660	677,394	142,586	135,686	972,246	813,080
Total liabilities	9,058,900	8,340,591	4,747,781	4,095,243	13,806,681	12,435,834
Deferred inflows of resources	8,499,811	9,310,626	31,439	82,078	8,531,250	9,392,704
Net position:						
Net investment in capital assets	41,107,668	41,058,136	4,085,005	1,959,195	45,192,673	43,017,331
Restricted	5,678,866	5,226,588	576,572	573,408	6,255,438	5,799,996
Unrestricted	(3,975,978)	(4,215,853)	3,365,372	3,775,998	(610,606)	(439,855)
Total net position	\$ 42,810,556	42,068,871	8,026,949	6,308,601	50,837,505	48,377,472

Net position of Boone County’s governmental activities increased 1.7% (approximately \$42.8 million compared to approximately \$42 million). The largest portion of the County’s net position is net investment in capital assets (e.g., land, infrastructure, 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 may be used. Unrestricted governmental activities net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements, increased from a deficit of approximately \$4,216,000 at June 30, 2015 to a deficit of approximately \$3,976,000 at June 30, 2016. The deficit is a result of the County’s outstanding debt related to the Central Iowa Expo loan guarantee and the nearly \$3.6 million share of the IPERS underfunded liability recorded as of July 1, 2015 that affected unrestricted net position. \$100,000 of the approximately \$240,000 increase in unrestricted net position of governmental activities represents the principal paid on the Central Iowa Expo loan guarantee.

The following table entitled “Changes in Net Position of Boone County Activities” compares the changes in detail. Looking at the County as a whole, revenues increased 5.1% and expenses increased 3.1%. Revenues of the County as a whole increased \$1,034,162 compared to FY2015. Operating grants increased \$507,359, which mostly represents increased Iowa Department of Transportation (IDOT) funding from the State, while capital grants decreased \$656,299. Charges for service increased 17.5%, property tax revenue increased less than 1%, tax increment financing increased 1.5%, local option sales tax revenue decreased 1.7% and other revenue increased 30.1%

compared to FY2015. A look at expenses by function reveals public safety and legal services expenses increased 6.8%, physical health and social services expenses decreased 1.7%, mental health expenses decreased 70.8% with the continued implementation of the mental health redesign with the State of Iowa retaining all Medicaid related revenue to pay expenses, county environment and education expenses increased 35.1%, roads and transportation expenses increased 9.1%, governmental services to residents expenses decreased 10.4%, administration expenses increased 3.9%, interest on long-term debt decreased 4.7% and solid waste expenses decreased 2.1% compared to FY2015.

Changes in Net Position of Boone County Activities						
	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for service	\$ 2,371,927	2,106,268	3,949,864	3,272,458	6,321,791	5,378,726
Operating grants, contributions and restricted interest	4,140,640	3,633,281	-	-	4,140,640	3,633,281
Capital grants, contributions and restricted interest	796,005	1,452,304	-	-	796,005	1,452,304
General revenues:						
Property tax - general purposes	7,229,063	7,185,431	-	-	7,229,063	7,185,431
Property tax - debt service	367,959	408,803	-	-	367,959	408,803
Tax increment financing	190,059	187,270	-	-	190,059	187,270
Penalty and interest on property tax	96,753	88,587	-	-	96,753	88,587
State tax credits	552,193	440,823	-	-	552,193	440,823
Local option sales tax	971,297	988,562	-	-	971,297	988,562
Grants and contributions not restricted to specific purposes	34,394	27,722	-	-	34,394	27,722
Unrestricted investment earnings	70,295	53,995	54,418	40,987	124,713	94,982
Gain on disposition of capital assets	24,482	103,570	200,000	8,329	224,482	111,899
Miscellaneous	56,691	73,488	-	-	56,691	73,488
Total revenues	16,901,758	16,750,104	4,204,282	3,321,774	21,106,040	20,071,878
Program expenses:						
Public safety and legal services	3,487,751	3,267,092	-	-	3,487,751	3,267,092
Physical health and social services	590,804	601,283	-	-	590,804	601,283
Mental health	314,013	1,075,264	-	-	314,013	1,075,264
County environment and education	1,990,721	1,473,115	-	-	1,990,721	1,473,115
Roads and transportation	7,149,241	6,554,769	-	-	7,149,241	6,554,769
Governmental services to residents	448,132	500,014	-	-	448,132	500,014
Administration	1,898,191	1,827,039	-	-	1,898,191	1,827,039
Non-program	52,369	-	-	-	52,369	-
Interest on long-term debt	228,851	240,121	-	-	228,851	240,121
Solid waste	-	-	2,485,934	2,540,141	2,485,934	2,540,141
Total expenses	16,160,073	15,538,697	2,485,934	2,540,141	18,646,007	18,078,838
Change in net position	741,685	1,211,407	1,718,348	781,633	2,460,033	1,993,040
Net position beginning of year	42,068,871	40,857,464	6,308,601	5,526,968	48,377,472	46,384,432
Net position end of year	\$ 42,810,556	\$ 42,068,871	8,026,949	6,308,601	50,837,505	48,377,472

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

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position		
Total Governmental Fund Balances		\$ 7,573,788
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 \$79,403,301 and the accumulated depreciation is \$36,625,760.		42,777,541
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.		598,113
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	\$ 693,794	
Deferred inflows of resources	<u>(577,811)</u>	115,983
Long-term liabilities, including capital lease purchase agreement payable, notes payable, compensated absences payable, other postemployment benefits payable, drainage district warrants payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(8,254,869)</u>
Net Position of Governmental Activities		<u>\$42,810,556</u>

The County-wide taxable valuation increased approximately 1.3% and the County's rural taxable valuation increased approximately 1.8%. The budgetary requirements of the County for county-wide purposes required a County-wide levy rate of \$4.85308/\$1,000 of taxable valuation, a decrease of 1.4% from the FY2015 levy rate. The total decrease in dollars levied County-wide was \$7,416, or less than 1%.

The budgetary requirements of the County for rural services required a rural services levy rate of \$2.52131/\$1,000 of taxable rural valuation, a decrease of 1.9% from the FY2015 levy rate. The total decrease in dollars levied in unincorporated or rural areas of Boone County for the Rural Services Fund decreased less than 1%, or \$3,860.

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

	Property Tax Levied	
	FY2016	FY2015
County-wide taxable valuation	\$ 1,242,961,119	1,226,826,548
County-wide levy rate without debt service	4.55105	4.58077
Dollars levied without debt service	5,656,780	5,619,805
County-wide taxable debt service valuation	1,284,025,544	1,268,047,228
County debt service levy rate	0.30203	0.34084
Dollars levied for debt service	387,814	432,205
Total County-wide levy rate	4.85308	4.92161
Total dollars levied County-wide	6,044,594	6,052,010
Rural taxable valuation	775,014,590	761,445,455
Rural tax levy rate	2.52131	2.57131
Dollars levied rural area only	1,954,052	1,957,912
Total dollars levied	\$ 7,998,646	8,009,922

Governmental Activities

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

- Revenues for governmental activities were approximately \$16.9 million in FY2016, which is a less than 1% increase compared to FY2015. Expenses for governmental activities totaled approximately \$16.2 million, an increase of 4% compared to FY2015. In a difficult budgeting year, Boone County did a remarkable job maintaining expenses to match available revenues, noting the County's net position of governmental activities ended the year at approximately \$42.8 million, a 1.8% increase from FY2015 total net position before restatement.
- Local option sales tax revenue of \$971,297 was down approximately \$17,000, the County had expected a significant decrease. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the local option sales tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax decreased 1.7% compared to FY2015.

Net Cost of Governmental Activities

Function	Expenses	Program Revenues		FY2016 Net Expense or (Revenue)	FY2015 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions		
Public safety and legal services	\$ 3,487,751	562,777	24,169	2,900,805	2,644,449
Physical health and social services	590,804	67,782	120,558	402,464	393,622
Mental health	314,013	-	-	314,013	942,766
County environment and education	1,990,721	632,260	19,193	1,339,268	1,009,592
Roads and transportation	7,149,241	345,879	4,764,981	2,038,381	1,414,972
Governmental services to residents	448,132	677,886	-	(229,754)	(93,818)
Administration	1,898,191	85,343	7,744	1,805,104	1,795,140
Non-program	52,369	-	-	52,369	-
Interest on long-term debt	228,851	-	-	228,851	240,121
Total	\$ 16,160,073	2,371,927	4,936,645	8,851,501	8,346,844

- The cost of all governmental activities this year was approximately \$16.2 million, an increase of approximately \$621,000, or 4%, from FY2015.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$2.4 million, an increase of approximately \$266,000, or 12.6%, compared to FY2015.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$4.9 million, a decrease of 2.9% compared to FY2015.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$8,436,027, local option sales tax of \$971,297, unrestricted grants and contributions of \$34,394, unrestricted investment earnings of \$70,295, gain on disposition of capital assets of \$24,482 and other miscellaneous revenue of \$56,691. Total general revenues for FY2016 were \$9,593,186, up \$34,935, or less than 1%, compared to FY2015.

Business Type Activities

Function	Expenses	Program Revenues		
		Charges for Service	FY2016 Net Expense or (Revenue)	FY2015 Net Expense or (Revenue)
Solid waste	\$ 2,485,934	3,949,864	(1,463,930)	(732,317)

Program revenues of the Boone County Landfill (BCL) increased 20.7% to \$3,949,864 when compared to FY2015 as the landfill had an increase of tonnage of over 13,000 tons. Several factors figure in to the revenue increase in FY15 to FY16. The Ames Resource Recovery Plant (ARRP) was closed for 42 days in FY15. While they were closed they came to the BCL. They came to BCL 102 days in FY16 for an increase in municipal solid waste tonnage of close to 5,300 tons. Construction and demolition from Story County increased almost 4,000 tons and building demolition increased by 436 tons from Story County while there was an 80 ton decrease in Boone and Greene counties. Program revenues were \$677,406 more than FY2015. Expenses decreased 2.1% to approximately \$2.5 million. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- Keep Boone County Beautiful (KBCB) continued to offer assistance to area cleanup activities. It again hosted the Dragoon River Romp and Keep Boone County Scenic events.
- Commencing on July 1, 2011, the Boone County Landfill became the sole landfill in the Central Iowa Waste Management Association (CIWMA). This followed the closure of the Ames/Story Construction and Demolition Landfill. This waste stream is charged a rate twice the rate paid by customers from the Landfill's primary service area.
- The Landfill's comprehensive planning area received approval of its 2014 plan update in February 2015. The IDNR calculated the planning area's landfill waste diversion rate at 59.6% which exceeds the State of Iowa's 50% diversion goal.

MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

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

The financial performance of Boone County as a whole is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$7,573,788, 7.2% more than last year's total of \$7,063,597. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

General Fund

General Fund		
	FY2016	FY2015
Beginning fund balance	\$ 2,052,919	2,022,492
Property tax, including penalty and interest	4,614,612	4,552,414
Local option sales tax	243,001	243,643
Intergovernmental	806,327	846,165
Permits and charges for service	1,045,677	1,026,791
Interest and use of property	119,495	98,613
Miscellaneous	165,724	79,051
Sale of capital assets	1,878	10,290
Capital lease purchase agreement	-	138,485
Transfer from other fund	141,279	-
Total revenues and other financing sources:	7,137,993	6,995,452
Public safety and legal services	3,185,690	3,179,985
Physical health and social services	592,941	606,356
County environment and education	719,613	656,826
Governmental services to residents	517,780	721,437
Administration	1,755,455	1,693,871
Non-program	52,369	-
Transfers to other funds	40,927	106,550
Total expenditures and transfers	6,864,775	6,965,025
Ending fund balance	\$ 2,326,137	2,052,919

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

Total property tax revenue increased 1.4%. Local option sales tax revenue decreased less than 1% and intergovernmental revenue decreased 4.7%. Revenue from user fees increased 1.8% and interest and use of property increased 21.2% due to an increase from renting jail space to neighboring counties and more interest on county funds invested. Total revenues and other financing sources increased 2% compared to FY2015.

Total expenditures and transfers decreased 1.4%, or \$100,250, compared to FY2015. The County spent \$203,657 less on governmental services to residents in FY2016 as a new voting system was purchased in FY2015.

The General Fund ending balance is 33.9% of total expenditures and transfers for FY2016 compared to 29.5% for FY2015.

Special Revenue Funds

Mental Health Fund		
	FY2016	FY2015
Beginning fund balance	\$ 399,108	472,345
Property tax	828,450	831,751
Intergovernmental	84,197	209,768
Miscellaneous	-	5,044
Total revenues	912,647	1,046,563
Mental illness	123,162	274,487
Intellectual disabilities	-	58,813
Developmental disabilities	-	3,096
General administration and County provided case management	222,150	783,404
Total expenditures	345,312	1,119,800
Ending fund balance	\$ 966,443	399,108

Boone County levied the maximum levy established by the Mental Health Fund base year calculation. The FY2016 ending fund balance was 279.9% of FY2016 expenditures compared to 35.64% for FY2015. Revenues decreased 12.8% as intergovernmental revenue was \$125,571 less than FY2015. Mental health expenditures were 69.2% lower in FY2016 compared to FY2015.

Boone County has joined the Central Iowa Community Service Region as provided for in the mental health redesign. FY2017 property tax asking has been reduced to \$597,386 and to \$593,873 for FY18 which were the levies requested by CICS regional board.

Rural Services Fund		
	FY2016	FY2015
Beginning fund balance	\$ 1,095,045	890,886
Property tax	1,872,678	1,864,473
Local option sales tax	729,003	730,930
Intergovernmental	120,634	100,213
Permits, charges for service and miscellaneous	29,739	32,795
Total revenues	2,752,054	2,728,411
Public safety and legal services	268,978	126,590
County environment and education	325,816	339,939
Governmental services to residents	2,008	1,477
Transfers to other funds	2,249,794	2,056,246
Total expenditures and transfers	2,846,596	2,524,252
Ending fund balance	\$ 1,000,503	1,095,045

Property tax revenue for FY2016 was up \$8,205, or less than 1%. The local effort for Secondary Roads was maintained at 90% of the maximum allowed to be levied for the Secondary Roads Fund.

- Local option sales tax revenue in the Rural Services Fund decreased less than 1% compared to FY2015.
- Total property tax related revenue (\$1,872,678) is less than the amount transferred to the Secondary Roads Fund (\$2,249,794) by \$377,116, which means local option sales tax or fund balance has paid for all of the services in the Rural Services Fund and part of the road expenses. This is where rural residents realize direct property tax relief because of the local option sales tax.

- The Rural Services Fund ending fund balance now represents 35.1% of the Rural Services Fund expenditures, including transfers to the Secondary Roads Fund, compared to 43.4% for FY2015.

Secondary Roads Fund		
	FY2016	FY2015
Beginning fund balance	\$ 2,699,328	1,870,594
State fuel tax and other state revenue	4,373,886	4,242,752
Permits, charges for service and miscellaneous	147,985	113,487
Use of money and property	1,189	2,050
Transfers from other funds	2,283,221	2,162,796
Sale of capital assets	1,822	-
Total revenues and transfers	6,808,103	6,521,085
Secondary road maintenance	6,054,439	5,315,238
Secondary road construction	811,892	377,113
Total expenditures	6,866,331	5,692,351
Ending fund balance	\$ 2,641,100	2,699,328

- Secondary Roads Fund revenue and transfers increased 4.4% compared to FY2015. Intergovernmental revenue was higher by \$131,134, primarily due to an increase in road use tax revenues offset by a decrease in reimbursements from other governments. Transfers were \$120,425 higher than in FY2015.
- Secondary Roads Fund expenditures increased \$1,173,980 compared to FY2015, an increase of 20.6%. The increase was due to additional \$739,201 increase in maintenance and \$434,779 increase in construction expenditures in FY2016 compared to FY2015.

The ending fund balance compared to total expenditures increased to 38.5% in FY2016 compared to 47.4% in FY2015.

Debt Service Fund

	FY2016	FY2015
Beginning fund balance	\$ 123,855	206,252
Property tax	367,202	408,448
Intergovernmental and miscellaneous	28,221	26,158
Transfers from other funds	253,898	225,000
Total revenues and transfers	649,321	659,606
Principal	555,000	545,000
Interest	185,166	197,003
Total expenditures	740,166	742,003
Ending fund balance	\$ 33,010	123,855

The Debt Service Fund accumulates resources and pays the principal and interest on the County's general obligation bonds and notes. At the end of FY2016, the County had \$3,792,556 of debt outstanding subject to the debt service tax levy.

Capital Projects Fund

	FY2016	FY2015
Beginning fund balance	\$ 233,677	233,677
Transfers from other funds	7,500	-
Transfers to other funds	241,177	-
Ending fund balance	\$ -	233,677

Boone County has completed all of its budgeted capital projects as of June 30, 2015. A decision of the county at the State Auditors request was to transfer accounting for these funds in the General Fund as they are not required for a specific capital purpose.

BUSINESS TYPE FUND HIGHLIGHTS

- FY2016 was the Boone County Landfill's 46th year of operation. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level which exceeds regulatory requirements.
- In 2015, the IDNR calculated the CIWMA planning area had landfilled 40.34% of the region's waste. There was only one Waste System in the state which exceeded this percent.

Landfill Operations Fund

- Landfill Operations Fund revenue was \$4,063,527 an increase of 26% compared to FY2015, due to the ARRP being closed 60 more days in FY2016 resulting in additional municipal solid waste tonnage and an increase in construction and demolition tonnage. Operating expenses decreased 2% compared to FY2015
- Landfill operations revenue increased \$635,253 during FY2016 compared to FY2015, primarily due to an increase in construction demolition waste at a rate double our normal tonnage fee rate and increased tonnage of power plant material that is normally burned from Ames and Story County.

Keep Boone County Beautiful Sub-Account

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

The Dragoon River Romp.

Adopt a County Road, City Street or favorite place.

Environmental education.

Keep Boone County Scenic pick up litter day.

Boone County Recycling Center Sub-Account

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

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

Landfill Closure/Postclosure Sub-Account

- The Landfill Closure/Postclosure sub-account has assets totaling \$3,514,916. The fund is now fully funded in accordance with IDNR requirements.
- No closure/postclosure costs were expended from this sub-account during FY2016.

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

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

Expenses for FY2016 include funding for:

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

BUDGETARY HIGHLIGHTS

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

On May 18, 2016, the County Board of Supervisors amended the FY2016 budget for the following:

- Increased intergovernmental receipts by \$400,000 from state gasoline tax revenue which is amended to be spent in roads and transportation.
- Increased miscellaneous revenue \$200,000 from Dakota Access Pipeline to pay contract inspection fees the County was required to provide by Iowa Utilities Board. Non-Program service area was increased \$200,000 for this and to refund \$41,283 of TIF revenue collected in FY2015 that was apportioned to Boone County that should have been apportioned to City of Boone.
- Disbursements in the public safety and legal services function were increased \$37,600: \$20,000 for additional costs of prosecution of a murder case, Communication Center expenses \$10,000 and Clerk of Court \$7,600. Increased physical health and social service function by \$55,500 as grants received for FY2015 were received in FY2016 for Boone County Hospital.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$15,790,241 were approximately \$2.2 million less than the amended budget. Receipts of \$15,470,884 were approximately \$342,000 less than the amended budget.

CAPITAL ASSETS

Boone County's governmental and business type activities concluded FY2016 with \$47,931,083 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

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

In prior years, the County borrowed \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during FY2009. The balance due for the purchase of land for CIE is \$1,190,000 and is currently scheduled to be paid by June 30, 2029.

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

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

FACTORS BEARING ON THE FUTURE

Boone County's elected and appointed officials and citizens considered many factors when setting the FY2017 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 14,800 for calendar year 2016. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2016 was 3.0% versus 3.1% the year before. This compares with the State's unemployment rate of 3.8% for the same period ended June 30, 2016.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with 2.5% more property tax dollars compared to FY2016. The actual increase from FY2016 to FY2017 is approximately \$202,000.

The above factors were all part of the considerations for the FY2017 budget, which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars.)

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 5,091,853	6.5%
Mental Health Fund	597,386	(31.7)
Rural Services Fund	2,001,228	2.4
Debt Service Fund	509,957	31.5
Total	<u>\$ 8,200,424</u>	<u>2.5%</u>

Boone County attempted to maintain the current level of services as the FY2017 budget was developed. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for FY2017 are as follows:

General Basic Levy	\$ 3.50000
General Supplemental Levy	0.49559
Mental Health Levy	0.46877
Debt Service Levy	0.38872
Rural Services Basic Levy	2.52131

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Boone County
Statement of Net Position
June 30, 2016

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 6,440,449	3,245,075	9,685,524
Cash and cash equivalents - restricted	-	3,808,192	3,808,192
Receivables:			
Property tax:			
Delinquent	33,802	-	33,802
Succeeding year	7,922,000	-	7,922,000
Interest and penalty on property tax	155,387	-	155,387
Accounts	46,932	512,148	559,080
Accrued interest	8,510	10,300	18,810
Drainage assessments	337,436	-	337,436
Special assessments	6,750	-	6,750
Loan	100,000	-	100,000
Internal balances	(13,287)	13,287	-
Due from other governments	658,776	-	658,776
Inventories	1,197,602	-	1,197,602
Capital assets, net of accumulated depreciation	42,777,541	5,153,542	47,931,083
Assets in excess of net OPEB obligation	3,575	760	4,335
Total assets	59,675,473	12,743,304	72,418,777
Deferred Outflows of Resources			
Pension related deferred outflows	693,794	62,865	756,659
Liabilities			
Accounts payable	591,865	82,541	674,406
Accrued interest payable	29,205	-	29,205
Salaries and benefits payable	205,136	15,971	221,107
Due to other governments	3,455	44,074	47,529
Long-term liabilities:			
Portion due or payable within one year:			
General obligation notes	475,000	-	475,000
Urban renewal general obligation notes	100,000	-	100,000
Revenue capital loan note	-	246,236	246,236
Capital lease purchase agreement	46,161	-	46,161
Compensated absences	441,436	23,831	465,267
Portion due or payable after one year:			
General obligation notes	1,148,711	-	1,148,711
Urban renewal general obligation notes	2,068,845	-	2,068,845
Revenue capital loan note	-	822,300	822,300
Drainage district warrants	338,568	-	338,568
Net pension liability	3,610,518	243,619	3,854,137
Estimated liability for landfill closure and postclosure care	-	3,269,209	3,269,209
Total liabilities	9,058,900	4,747,781	13,806,681
Deferred Inflows of Resources			
Unavailable property tax revenue	7,922,000	-	7,922,000
Pension related deferred inflows	577,811	31,439	609,250
Total deferred inflows of resources	8,499,811	31,439	8,531,250
Net Position			
Net investment in capital assets	41,107,668	4,085,005	45,192,673
Restricted for:			
Supplemental levy purposes	344,023	-	344,023
Mental health purposes	939,810	-	939,810
Rural services purposes	1,035,099	-	1,035,099
Secondary roads purposes	2,438,783	-	2,438,783
Law enforcement purposes	238,032	-	238,032
Landfill closure and postclosure care	-	245,708	245,708
Other purposes	683,119	330,864	1,013,983
Unrestricted	(3,975,978)	3,365,372	(610,606)
Total net position	\$ 42,810,556	8,026,949	50,837,505

See notes to financial statements.

Boone County
Statement of Activities
Year ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety and legal services	\$ 3,487,751	562,777	24,169	-	(2,900,805)	-	(2,900,805)
Physical health and social services	590,804	67,782	120,558	-	(402,464)	-	(402,464)
Mental health	314,013	-	-	-	(314,013)	-	(314,013)
County environment and education	1,990,721	632,260	19,193	-	(1,339,268)	-	(1,339,268)
Roads and transportation	7,149,241	345,879	3,968,976	796,005	(2,038,381)	-	(2,038,381)
Governmental services to residents	448,132	677,886	-	-	229,754	-	229,754
Administration	1,898,191	85,343	7,744	-	(1,805,104)	-	(1,805,104)
Non-program	52,369	-	-	-	(52,369)	-	(52,369)
Interest on long-term debt	228,851	-	-	-	(228,851)	-	(228,851)
Total governmental activities	16,160,073	2,371,927	4,140,640	796,005	(8,851,501)	-	(8,851,501)
Business type activities:							
Solid waste	2,485,934	3,949,864	-	-	-	1,463,930	1,463,930
Total	\$ 18,646,007	6,321,791	4,140,640	796,005	(8,851,501)	1,463,930	(7,387,571)
General Revenues:							
Property and other county tax levied for:							
General purposes					7,229,063	-	7,229,063
Debt service					367,959	-	367,959
Tax increment financing					190,059	-	190,059
Penalty and interest on property tax					96,753	-	96,753
State tax credits					552,193	-	552,193
Local option sales tax					971,297	-	971,297
Grants and contributions not restricted to specific purposes					34,394	-	34,394
Unrestricted investment earnings					70,295	54,418	124,713
Gain on disposition of capital assets					24,482	200,000	224,482
Miscellaneous					56,691	-	56,691
Total general revenues					9,593,186	254,418	9,847,604
Change in net position					741,685	1,718,348	2,460,033
Net position beginning of year					42,068,871	6,308,601	48,377,472
Net position end of year					\$ 42,810,556	8,026,949	50,837,505

See notes to financial statements.

Boone County
Balance Sheet
Governmental Funds

June 30, 2016

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 2,410,777	970,220	951,988	1,471,489
Receivables:				
Property tax:				
Delinquent	21,857	2,564	5,446	-
Succeeding year	4,779,000	560,000	1,878,000	-
Interest and penalty on property tax	155,387	-	-	-
Accounts	28,286	-	496	13,061
Accrued interest	8,396	-	-	-
Drainage assessments	-	-	-	-
Special assessments	6,750	-	-	-
Loan	100,000	-	-	-
Due from other funds	292	-	-	9,682
Due from other governments	78,583	2,747	145,591	431,455
Inventories	-	-	-	1,197,602
Total assets	\$ 7,589,328	1,535,531	2,981,521	3,123,289
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 157,547	144	33,373	398,415
Salaries and benefits payable	107,905	6,482	8,271	82,478
Due to other funds	15,996	-	7,363	93
Due to other governments	2,252	-	-	1,203
Total liabilities	283,700	6,626	49,007	482,189
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	4,779,000	560,000	1,878,000	-
Other	200,491	2,462	54,011	-
Total deferred inflows of resources	4,979,491	562,462	1,932,011	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	1,197,602
Restricted for:				
Supplemental levy purposes	341,420	-	-	-
Mental health purposes	-	966,443	-	-
Rural services purposes	-	-	1,000,503	-
Secondary roads purposes	-	-	-	1,443,498
Conservation land acquisition/ capital improvements	69,005	-	-	-
Debt service	-	-	-	-
Law enforcement purposes	238,032	-	-	-
Resource enhancement and protection	-	-	-	-
Other purposes	-	-	-	-
Unassigned	1,677,680	-	-	-
Total fund balances	2,326,137	966,443	1,000,503	2,641,100
Total liabilities, deferred inflows of resources and fund balances	\$ 7,589,328	1,535,531	2,981,521	3,123,289

See notes to financial statements.

Debt Service	Nonmajor	Total
32,922	603,053	6,440,449
2,194	1,741	33,802
479,000	226,000	7,922,000
-	-	155,387
-	5,089	46,932
-	114	8,510
-	337,436	337,436
-	-	6,750
-	-	100,000
-	191	10,165
-	400	658,776
-	-	1,197,602
<u>514,116</u>	<u>1,174,024</u>	<u>16,917,809</u>
-	2,386	591,865
-	-	205,136
-	-	23,452
-	-	3,455
-	<u>2,386</u>	<u>823,908</u>
479,000	226,000	7,922,000
2,106	339,043	598,113
<u>481,106</u>	<u>565,043</u>	<u>8,520,113</u>
-	-	1,197,602
-	-	341,420
-	-	966,443
-	-	1,000,503
-	-	1,443,498
-	-	69,005
33,010	715	33,725
-	-	238,032
-	183,249	183,249
-	422,631	422,631
-	-	1,677,680
<u>33,010</u>	<u>606,595</u>	<u>7,573,788</u>
<u>514,116</u>	<u>1,174,024</u>	<u>16,917,809</u>

Boone County

Boone County

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

June 30, 2016

Total governmental fund balances (page 27)		\$ 7,573,788
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$79,403,301 and the accumulated depreciation is \$36,625,760.		42,777,541
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.		598,113
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	\$ 693,794	
Deferred inflows of resources	<u>(577,811)</u>	115,983
Long-term liabilities, including capital lease purchase agreement payable, notes payable, compensated absences payable, other postemployment benefits payable, drainage district warrants payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(8,254,869)</u>
Net position of governmental activities (page 24)		<u><u>\$42,810,556</u></u>

Boone County

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

Year ended June 30, 2016

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,529,162	828,450	1,872,678	-
Local option sales tax	243,001	-	729,003	-
Interest and penalty on property tax	85,450	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	806,327	84,197	120,634	4,373,886
Licenses and permits	19,525	-	-	32,363
Charges for service	1,026,152	-	28,746	-
Use of money and property	119,495	-	-	1,189
Miscellaneous	165,724	-	993	115,622
Total revenues	6,994,836	912,647	2,752,054	4,523,060
Expenditures:				
Operating:				
Public safety and legal services	3,185,690	-	268,978	-
Physical health and social services	592,941	-	-	-
Mental health	-	345,312	-	-
County environment and education	719,613	-	325,816	-
Roads and transportation	-	-	-	6,054,439
Governmental services to residents	517,780	-	2,008	-
Administration	1,755,455	-	-	-
Non-program	52,369	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	811,892
Total expenditures	6,823,848	345,312	596,802	6,866,331
Excess (deficiency) of revenues over (under) expenditures	170,988	567,335	2,155,252	(2,343,271)
Other financing sources (uses):				
Sale of capital assets	1,878	-	-	1,822
Transfers in	141,279	-	-	2,283,221
Transfers out	(40,927)	-	(2,249,794)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	102,230	-	(2,249,794)	2,285,043
Change in fund balances	273,218	567,335	(94,542)	(58,228)
Fund balances beginning of year	2,052,919	399,108	1,095,045	2,699,328
Fund balances end of year	\$ 2,326,137	966,443	1,000,503	2,641,100

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
367,202	-	-	7,597,492
-	-	-	972,004
-	-	-	85,450
-	-	190,059	190,059
28,221	-	24,296	5,437,561
-	-	-	51,888
-	-	4,896	1,059,794
-	-	18,304	138,988
-	-	284,426	566,765
395,423	-	521,981	16,100,001
-	-	36,913	3,491,581
-	-	-	592,941
-	-	-	345,312
-	-	522,706	1,568,135
-	-	-	6,054,439
-	-	-	519,788
-	-	-	1,755,455
-	-	-	52,369
740,166	-	-	740,166
-	-	-	811,892
740,166	-	559,619	15,932,078
(344,743)	-	(37,638)	167,923
-	-	-	3,700
253,898	7,500	-	2,685,898
-	(241,177)	(154,000)	(2,685,898)
-	-	338,568	338,568
253,898	(233,677)	184,568	342,268
(90,845)	(233,677)	146,930	510,191
123,855	233,677	459,665	7,063,597
33,010	-	606,595	7,573,788

Boone County

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

Year ended June 30, 2016

Change in fund balances - Total governmental funds (page 31)		\$ 510,191
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:		
Expenditures for capital assets	\$ 1,423,594	
Capital assets contributed by the Iowa Department of Transportation	589,150	
Depreciation expense	<u>(2,444,516)</u>	(431,772)
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.		24,482
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	(470)	
Other	<u>184,895</u>	184,425
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:		
Issued	(383,660)	
Repaid	<u>601,162</u>	217,502
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.		554,540
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	(40,321)	
Other postemployment benefits	(4,511)	
Pension expense	(274,258)	
Interest on long-term debt	<u>1,407</u>	(317,683)
Change in net position of governmental activities (page 25)		<u>\$ 741,685</u>

Boone County
Statement of Net Position
Proprietary Funds

June 30, 2016

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water Tax	
Assets			
Cash and cash equivalents	\$ 3,245,075	-	3,245,075
Cash and cash equivalents - restricted	3,504,616	303,576	3,808,192
Receivables:			
Accounts	512,148	-	512,148
Accrued interest	10,300	-	10,300
Due from other funds	13,901	28,917	42,818
Capital assets, net of accumulated depreciation	5,153,542	-	5,153,542
Assets in excess of net OPEB obligation	760	-	760
Total assets	12,440,342	332,493	12,772,835
Deferred Outflows of Resources:			
Pension related deferred outflows	62,865		62,865
Liabilities			
Accounts payable	80,912	1,629	82,541
Salaries and benefits payable	15,971	-	15,971
Due to other funds	29,531	-	29,531
Due to other governments	44,074	-	44,074
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds	246,236	-	246,236
Compensated absences	23,831	-	23,831
Portion due or payable after one year:			
Revenue bonds	822,300	-	822,300
Net pension liability	243,619	-	243,619
Estimated liability for landfill closure and postclosure care	3,269,209	-	3,269,209
Total liabilities	4,775,683	1,629	4,777,312
Deferred Inflows of Resources:			
Pension related deferred inflows	31,439	-	31,439
Net Position			
Net investment in capital assets	4,085,005	-	4,085,005
Restricted for:			
Landfill closure and postclosure care	245,708	-	245,708
Ground water tax purposes	-	330,864	330,864
Unrestricted	3,365,372	-	3,365,372
Total net position	\$ 7,696,085	330,864	8,026,949

See notes to financial statements.

Boone County

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

Year ended June 30, 2016

	Enterprise		
	Nonmajor		Total
	Landfill Operations	Ground Water Tax	
Operating revenues:			
Charges for service	\$ 3,370,664	140,755	3,511,419
Per capita fees	176,494	-	176,494
Solid waste fees	229,749	-	229,749
Miscellaneous	32,202	-	32,202
Total operating revenues	3,809,109	140,755	3,949,864
Operating expenses:			
Salaries and wages	410,018	-	410,018
Payroll tax	66,613	-	66,613
Fringe benefits	79,211	-	79,211
Fuel	53,542	-	53,542
Travel	1,943	-	1,943
Utilities	17,661	-	17,661
Insurance	22,517	-	22,517
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	299,750	-	299,750
Education and training	36,495	-	36,495
Engineering	103,878	-	103,878
Maintenance and repair Operations	47,264	-	47,264
Depreciation	235,277	-	235,277
Dues and membership	492,794	-	492,794
Accounting	5,902	-	5,902
Recycling center operations	41,378	-	41,378
Gravel	192,500	32,972	225,472
Leachate hauling and treatment	119,861	-	119,861
Adjustment to estimated liability for landfill closure and postclosure care	32,877	-	32,877
Total operating expenses	170,135	-	170,135
Operating income	2,429,616	32,972	2,462,588
Non-operating revenues (expenses):			
Gain on sale of capital assets	1,379,493	107,783	1,487,276
Interest expense	200,000	-	200,000
Interest income	(23,346)	-	(23,346)
Net non-operating revenues	54,418	-	54,418
Change in net position	231,072	-	231,072
Net position beginning of year	1,610,565	107,783	1,718,348
Net position end of year	6,085,520	223,081	6,308,601
	\$ 7,696,085	330,864	8,026,949

See notes to financial statements.

Boone County
Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2016

	Enterprise		
	Nonmajor		
	Landfill Operations	Ground Water Tax	Total
Cash flows from operating activities:			
Cash received from gate fees	\$ 3,511,052	-	3,511,052
Cash received from per capita fee assessments	176,494	-	176,494
Cash received from other operating receipts	32,202	137,963	170,165
Cash paid to suppliers for goods and services	(1,219,778)	(33,438)	(1,253,216)
Cash paid to employees for services	(585,838)	-	(585,838)
Net cash provided by operating activities	1,914,132	104,525	2,018,657
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(2,862,763)	-	(2,862,763)
Repayment of capital lease purchase agreement principal	(624,379)	-	-
Issuance of capital revenue loan note	1,250,000	-	1,250,000
Repayment of capital revenue loan note	(181,464)	-	-
Interest paid	(23,346)	-	(23,346)
Net cash used by capital and related financing activities	(2,441,952)	-	(1,636,109)
Cash flows from investing activities:			
Interest received on investments	52,134	-	52,134
Net increase(decrease) in cash and cash equivalents	(475,686)	104,525	434,682
Cash and cash equivalents beginning of year	7,225,377	199,051	7,424,428
Cash and cash equivalents end of year	\$ 6,749,691	303,576	7,053,267
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,379,493	107,783	1,487,276
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	492,794	-	492,794
Closure and postclosure care	170,135	-	170,135
Changes in assets and liabilities:			
Increase in accounts receivable	(89,361)	-	(89,361)
Increase in deferred outflows of resources	(14,357)	-	(14,357)
(Increase) decrease in due from other funds	(1,239)	(2,792)	(4,031)
Decrease in accounts payable	(303)	(466)	(769)
Increase in salaries payable	2,781	-	2,781
Decrease in deferred inflows of resources	(50,639)	-	(50,639)
Decrease in due to other funds	(12,281)	-	(12,281)
Decrease in due to other governments	4,888	-	4,888
Decrease in net pension obligation	38,240	-	38,240
Decrease in net OPEB liability	874	-	874
Increase in compensated absences	(6,895)	-	(6,895)
Total adjustments	534,637	(3,258)	531,379
Net cash provided by operating activities	\$ 1,914,130	104,525	2,018,655

See notes to financial statements.

Boone County

Boone County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,523,251
Other County officials	58,369
Receivables:	
Property tax:	
Delinquent	147,478
Succeeding year	30,098,000
Accounts	40,387
Special assessments	181,001
Due from other governments	185,675
Total assets	33,234,161

Liabilities

Accounts payable	68,571
Salaries and benefits payable	25,925
Due to other governments	32,230,882
Trusts payable	821,831
Compensated absences	86,952
Total liabilities	33,234,161

Net position	\$ -
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See notes to financial statements.

Boone County

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Boone County Assessor's Conference Board, Boone County Emergency Management Commission, County Community Services and the Boone County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are valued 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 1½% per month penalty for delinquent payments; is 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.

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

receivable represent assessments which are due and payable but have not been collected.

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County) are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. 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. Capital assets are defined by the County as assets with initial, individual cost 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
Land, buildings and improvements	25,000
Intangibles	50,000
Equipment and vehicles	5,000

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position 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 represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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. The net pension 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.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on 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 Enterprise, Landfill Operations Fund is designated for operating costs of the Landfill.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 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 the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$178,366 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.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Rural Services	\$ 116
	Secondary Roads	93
	Enterprise:	
	Landfill Operations	83
		<u>292</u>
Special Revenue:	General	1,904
Secondary Roads	Special Revenue:	
	Rural Services	7,247
	Enterprise:	
	Landfill Operations	531
		<u>9,682</u>
County Recorder's	General	191
Records Management		
Enterprise:	General	13,901
Landfill Operations	Enterprise:	
Ground Water Tax	Landfill Operations	28,917
Total		<u>\$ 52,983</u>

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

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
General Fund	Capital Projects	\$ 141,279
Special Revenue: Secondary Roads	General	33,427
	Special Revenue: Rural Services	2,249,794
		2,283,221
Debt Service	Special Revenue: County TIF Project	154,000
	Capital Projects	99,898
		253,898
Capital Projects	General	7,500
Total		\$ 2,685,898

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:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,961,227	-	-	1,961,227
Construction in progress	307,501	1,519,943	(1,002,305)	825,139
Total capital assets not being depreciated	2,268,728	1,519,943	(1,002,305)	2,786,366
Capital assets being depreciated:				
Buildings	6,195,289	-	-	6,195,289
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	10,724,952	528,001	(237,156)	11,015,797
Infrastructure, other	9,459,016	-	-	9,459,016
Infrastructure, road network	48,692,814	1,002,305	-	49,695,119
Total capital assets being depreciated	75,323,785	1,530,306	(237,156)	76,616,935
Less accumulated depreciation for:				
Buildings	2,222,944	149,106	-	2,372,050
Improvements other than buildings	80,752	6,293	-	87,045
Equipment and vehicles	9,241,594	588,641	(226,438)	9,603,797
Infrastructure, other	1,741,756	416,648	-	2,158,404
Infrastructure, road network	21,120,636	1,283,828	-	22,404,464
Total accumulated depreciation	34,407,682	2,444,516	(226,438)	36,625,760
Total capital assets being depreciated, net	40,916,103	(914,210)	(10,718)	39,991,175
Governmental activities capital assets, net	\$ 43,184,831	605,733	(1,013,023)	42,777,541
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 547,499	-	-	547,499
Construction in progress	86,784	-	-	86,784
Total capital assets not being depreciated	634,283	-	-	634,283
Capital assets being depreciated:				
Buildings	443,091	-	-	443,091
Equipment and vehicles	4,266,807	639,271	(490,000)	4,416,078
Infrastructure	1,594,813	2,423,491	-	4,018,304
Total capital assets being depreciated	6,304,711	3,062,762	(490,000)	8,877,473
Less accumulated depreciation for:				
Buildings	194,906	11,081	-	205,987
Equipment and vehicles	3,276,935	283,392	(490,000)	3,070,327
Infrastructure	883,579	198,321	-	1,081,900
Total accumulated depreciation	4,355,420	492,794	(490,000)	4,358,214
Total capital assets being depreciated, net	1,949,291	2,569,968	-	4,519,259
Business type activities capital assets, net	\$ 2,583,574	2,569,968	-	5,153,542

During the year ended June 30, 2015, the County acquired voting equipment under a capital lease purchase agreement. The cost of equipment was \$151,668 and the accumulated depreciation at June 30, 2016 was \$60,668.

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 71,821
County environment and education	464,625
Roads and transportation	1,717,013
Governmental services to residents	1,481
Administration	182,646
Nonprogram expenditures	<u>6,930</u>
Total depreciation expense - governmental activities	<u>\$ 2,444,516</u>
Business type activities:	
Landfill operations	<u>\$ 492,794</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
General	Services	\$ 2,252
Special Revenue:		
Secondary Roads	Services	<u>1,203</u>
Total for governmental funds		<u>\$ 3,455</u>
Agency:		
County Offices	Collections	\$ 31,813
Agricultural Extension Education		219,319
County Assessor		843,677
Schools		18,836,504
Community Colleges		886,667
Corporations		7,922,041
Townships		415,900
Auto License and Use Tax		809,370
Special Assessments		226,562
County Hospital		1,756,205
E-911		277,355
All other		<u>5,469</u>
Total for agency funds		<u>\$ 32,230,882</u>

(7) Long-Term Liabilities

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

	Governmental Activities							Total
	General	Urban Renewal	Capital	Drainage	Compen-	Net	(Asset in	
	Obligation	General Obligation	Lease	District	sated	Pension	Excess of)	
Capital	Capital Loan	Purchase	Warrants	Absences	Liability	Net		
Loan Notes	Notes	Agreement				OPEB	Liability	
Balance beginning of year	\$ 2,034,372	2,268,092	92,323	-	401,115	2,867,295	(8,086)	7,655,111
Increases	44,339	753	-	338,568	336,566	743,223	30,423	1,493,872
Decreases	455,000	100,000	46,162	-	296,245	-	25,912	923,319
Balance end of year	\$ 1,623,711	2,168,845	46,161	338,568	441,436	3,610,518	(3,575)	8,225,664
Due within one year	\$ 475,000	100,000	46,161	-	441,436	-	-	1,062,597

	Business Type Activities							Total
	Landfill	Landfill	Compensated	Closure and	Net	(Assets in		
	Revenue	Capital Lease	Postclosure	Postclosure	Pension	Excess of)		
Capital	Purchase	Absences	Care	Liability	OPEB	Obligation		
Loan Notes	Agreement							
Balance beginning of year	\$ -	624,379	30,726	3,099,073	205,379	(1,634)	3,957,923	
Increases	1,250,000	-	22,205	170,136	38,240	6,377	1,486,958	
Decreases	181,464	624,379	29,100	-	-	5,503	840,446	
Balance end of year	\$ 1,068,536	-	23,831	3,269,209	243,619	(760)	4,604,435	
Due within one year	\$ 246,236	-	23,831	-	-	-	270,067	

Governmental activities:

General Obligation Capital Loan Notes

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

Year Ending June 30,	Series 2010			Series 2009A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2017	2.70%	\$ 415,000	14,205	5.00%	\$ 60,000	71,063
2018	3.00	100,000	3,000	5.25	65,000	68,062
2019		-	-	5.50	65,000	64,650
2020		-	-	5.60	70,000	61,075
2021		-	-	5.70	75,000	57,155
2022-2026		-	-	5.80-6.20	480,000	211,250
2027-2029		-	-	6.30-6.50	375,000	49,570
Total		\$ 515,000	17,205		\$ 1,190,000	582,825

Year Ending June 30,	Total		
	Principal	Interest	Total
2017	\$ 475,000	85,268	560,268
2018	165,000	71,062	236,062
2019	65,000	64,650	129,650
2020	70,000	61,075	131,075
2021	75,000	57,155	132,155
2022-2027	480,000	211,250	691,250
2026-2029	375,000	49,570	424,570
Total	\$ 1,705,000	600,030	2,305,030

* The Series 2010 notes had unamortized discount totaling \$81,289 at June 30, 2016.

During the year ended June 30, 2016, the County retired \$455,000 of general obligation capital loan notes.

Urban Renewal General Obligation Capital Loan Notes

On September 7, 2011, the County issued \$2,465,000 of urban renewal general obligation capital loan notes, Series 2011 dated September 1, 2011 for the purpose of retiring the outstanding balance of \$1,046,891 of the general obligation capital loan anticipation project notes, Series 2009B dated April 1, 2009 and to guarantee the principal and interest payments of a Central Iowa Expo loan with Vision Bank (formerly Community Bank of Boone) through June 2014. As of June 30, 2016, the County has remitted \$2,392,846 to Vision Bank on behalf of Central Iowa Expo, Inc. The County does not anticipate Central Iowa Expo will be able to repay the loan and, therefore, a loan receivable has not been established. The notes bear interest at rates ranging from 1.25% to 4.80% per annum with final maturity on May 1, 2031.

A summary of the County's June 30, 2016 urban renewal general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2011			
	Interest Rates	Principal	Interest	Total
2017	1.80%	\$ 100,000	84,685	184,685
2018	2.20	110,000	82,885	192,885
2019	2.60	110,000	80,465	190,465
2020	3.00	120,000	77,605	197,605
2021	3.25	120,000	74,005	194,005
2022-2026	3.50-4.70	710,000	300,275	1,010,275
2027-2031	4.80	910,000	133,040	1,043,040
Total		<u>\$ 2,180,000</u>	<u>* 832,960</u>	<u>3,012,960</u>

*The Series 2011 notes had unamortized discount totaling \$11,155 at June 30, 2016.

Capital Lease Purchase Agreement

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

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

Year Ending June 30,	Amount
2017	<u>\$ 46,161</u>

Drainage District Warrants Payable

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

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

Business type activities:

Landfill Revenue Capital Loan Notes

In September, 2015, the County pledged future landfill customer receipts, net of specified operating disbursement, to repay \$1,250,000 of landfill revenue capital loan notes. Proceeds from the notes provided financing for refunding the April, 2012 capital lease purchase agreement and to pay a portion of the costs of improving, extending and equipping the landfill enterprise, including acquisition of a compactor. The notes are payable solely and only from net earnings of the landfill enterprise and are payable through 2021. Annual principal and interest payments on the notes are expected to require less than 11% of net receipts. The total principal and interest remaining to be paid on the notes is \$1,114,984. For the current year, principal and interest paid and total customer net receipts (operating gain adding back depreciation) were \$199,022 and \$1,872,288, respectively.

A summary of the County's June 30, 2016 landfill revenue capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2015			
	Interest Rates	Principal	Interest	Total
2017	2.00%	246,236	19,126	265,362
2018	2.00	251,207	14,156	265,363
2019	2.00	256,277	9,085	265,362
2020	2.00	261,442	3,920	265,362
2021	2.00	53,374	157	53,531
Total		<u>\$ 1,068,536</u>	<u>46,444</u>	<u>1,114,980</u>

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

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

(8) Contingent Liability

On August 8, 2012, the County entered into a loan agreement to borrow up to \$632,663 from SunTrust Equipment Finance and Leasing Corporation for the purchase of a Kenwood 911 Critical Communication System. The loan agreement is to be repaid in 5 annual installments of \$133,813, including interest at 2.362% per annum, beginning December 1, 2012. During the year ended June 30, 2016, the E-911 Service Board paid principal of \$127,708 and interest of \$6,105 on the loan, for a total of \$133,813.

The County is contingently liable on the \$130,725 loan agreement at June 30, 2016. Since the lease principal and interest are currently paid from E-911 Service Board revenues, the liability has not been recorded in the Statement of Net Position. However, since the County has signed the loan agreement, if the revenues of the E-911 Service Board are not adequate, a tax may be levied on all taxable property in the County to repay the loan.

The assets purchased and the lease payable by the E-911 Service Board have not been reported in the Agency, E-911 Fund.

(9) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, 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 at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

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

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

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

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

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

Contributions – 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% 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 \$590,994.

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 \$3,854,137 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 0.0805283%, which was an increase of 0.0030511% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$313,804. 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	\$ 57,852	32,139
Changes of assumptions	105,422	24,087
Net difference between projected and actual earnings on pension plan investments	-	403,631
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	2,391	149,393
County contributions subsequent to the measurement date	590,994	-
Total	<u>\$ 756,659</u>	<u>609,250</u>

\$590,994 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	\$ (203,393)
2018	(203,393)
2019	(203,393)
2020	170,806
2021	(4,212)
Total	<u>\$ (443,585)</u>

There were no non-employer contributing entities to IPERS.

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

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	<u>100%</u>	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 7,484,524	3,854,137	792,477

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

Payables to IPERS – At June 30, 2016, the County reported payables to IPERS of \$19,704 for legally required County contributions and \$13,782 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 120 active and 5 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 benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 37,800
Interest on net OPEB obligation	(400)
Adjustment to annual required contributions	<u>(600)</u>
Annual OPEB cost	36,800
Contribution made	<u>(31,415)</u>
Decrease in net OPEB obligation	5,385
(Assets in excess of) net OPEB obligation beginning of year	<u>(9,720)</u>
(Assets in excess of) net OPEB obligation end of year	<u>\$ (4,335)</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the County contributed \$31,415 to the medical plan. Plan members eligible for benefits contributed \$62,788, or 67% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(Assets in Excess of) Net OPEB Obligation
2014	\$ 9,610	324.0%	\$ (7,364)
2015	37,000	106.4	(9,720)
2016	36,800	85.4	(4,335)

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was approximately \$403,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$403,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,715,000 and the ratio of UAAL to covered payroll was 6.0%. 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, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return rate based on the County's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 5%. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the Actuary's Pension Handbook and applying the termination factors used in the T-9 tables.

Projected claim costs of the medical plan are \$704 per month for retirees less than age 65 and \$1,582 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9. The projected claim costs are \$677 per month and \$1,522 per month for family under plan 10, \$585 per month and \$1,317 per month for family under plan 11B, and \$661 per month and \$1,486 per month for family under plan 13. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Operating Lease Agreement

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

The following is a schedule of future minimum rental payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2016:

Year Ending June 30,	Amount
2017	\$ 48,000
2018	36,000
Total	<u>\$ 84,000</u>

Rental expense for the year ended June 30, 2016 for this operating lease totaled \$48,000.

(12) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2016 were \$127,362.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$5,000,000 and employee blanket bond in the amount of \$20,000 for each employee, except for the County Treasurer which is at \$230,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(13) Loans to County Community Service Case Management Fund

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 with another \$15,000 in October 2006 for necessary cash flow. The County is establishing formal repayment schedules for the loans. At June 30, 2016, neither loan had been repaid.

(14) Closure and Postclosure Care

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

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

These costs for the Landfill have been estimated at \$1,755,100 for closure and \$1,614,000 for postclosure care, for a total of \$3,369,100 as of June 30, 2016 for the original and expansion areas combined. The portion of the liability that has been recognized is \$3,269,209. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 1 year for the expansion area and the capacity used at June 30, 2016 is 96%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2016, assets of \$3,514,916 are restricted for these purposes, of which \$1,850,872 is for closure and \$1,664,044 is for postclosure care.

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

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

(15) Solid Waste Tonnage Fees Retained

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

As of June 30, 2016, net position of \$330,864 has been retained by the County and is restricted for the required purposes.

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

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

Revenues:		
Property and other county tax		\$ 828,450
Intergovernmental:		
State tax credits	\$ 63,885	
MH-DD reimbursement from other governments	20,206	
Other	106	84,197
Total revenues		<u>912,647</u>
Expenditures:		
Services to persons with:		
Mental illness		123,162
General administration:		
Direct administration		<u>222,150</u>
Total expenditures		<u>345,312</u>
Excess of revenues under expenditures		567,335
Fund balance beginning of year		<u>399,108</u>
Fund balance end of year		<u>\$ 966,443</u>

(17) 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.

Required Supplementary Information

Boone County

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

Required Supplementary Information

Year ended June 30, 2016

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,777,035	-	8,777,035
Penalty and interest on property tax	86,674	-	86,674
Intergovernmental	5,376,683	-	5,376,683
Licenses and permits	50,128	-	50,128
Charges for service	1,047,423	-	1,047,423
Use of money and property	125,278	31	125,247
Miscellaneous	595,677	268,626	327,051
Total receipts	16,058,898	268,657	15,790,241
Disbursements:			
Public safety and legal services	3,496,382	-	3,496,382
Physical health and social services	596,411	-	596,411
Mental health	349,624	-	349,624
County environment and education	1,524,851	517,822	1,007,029
Roads and transportation	6,121,354	-	6,121,354
Governmental services to residents	521,191	-	521,191
Administration	1,781,066	-	1,781,066
Non-program	67,742	-	67,742
Debt service	740,165	-	740,165
Capital projects	789,920	-	789,920
Total disbursements	15,988,706	517,822	15,470,884
Excess (deficiency) of receipts over (under) disbursements	70,192	(249,165)	319,357
Other financing sources, net	342,268	338,568	3,700
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	412,460	89,403	323,057
Balance beginning of year	6,027,989	206,243	5,821,746
Balance end of year	\$ 6,440,449	295,646	6,144,803

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
8,731,974	8,731,974	45,061
80,500	80,500	6,174
4,999,024	5,399,024	(22,341)
16,100	16,100	34,028
1,025,670	1,025,670	21,753
107,010	107,010	18,237
572,000	772,000	(444,949)
15,532,278	16,132,278	(342,037)
3,601,509	3,639,109	142,727
708,732	764,232	167,821
877,675	877,675	528,051
1,147,567	1,147,567	140,538
5,866,200	6,266,200	144,846
691,580	691,580	170,389
1,931,331	1,931,331	150,265
-	241,283	173,541
742,065	748,565	8,400
1,341,860	1,341,860	551,940
16,908,519	17,649,402	2,178,518
(1,376,241)	(1,517,124)	1,836,481
10,000	10,000	(6,300)
(1,366,241)	(1,507,124)	1,830,181
4,915,457	5,708,648	113,098
3,549,216	4,201,524	1,943,279

Boone County

Boone 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	\$ 16,058,898	41,103	16,100,001
Expenditures	15,988,706	(56,628)	15,932,078
Net	70,192	97,731	167,923
Other financing sources, net	342,268	-	342,268
Beginning fund balances	6,027,989	1,035,608	7,063,597
Ending fund balances	<u>\$ 6,440,449</u>	<u>1,133,339</u>	<u>7,573,788</u>

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2016

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$740,883. The budget amendment is reflected in the final budgeted amounts.

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

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

Boone County

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

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

Required Supplementary Information

	2016	2015
County's proportion of the net pension liability	0.0805283%	0.0774772%
County's proportionate share of the net pension liability	\$ 3,854	3,073
County's covered-employee payroll	\$ 6,317	6,428
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.01%	47.80%
Plan fiduciary 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.

Boone County

Schedule of County Contributions

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

	2016	2015	2014	2013
Statutorily required contribution	\$ 591	576	586	564
Contributions in relation to the statutorily required contribution	(591)	(576)	(586)	(564)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered-employee payroll	\$ 6,475	6,317	6,428	6,353
Contributions as a percentage of covered-employee payroll	9.13%	9.12%	9.12%	8.88%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
524	469	434	395	375	333
(524)	(469)	(434)	(395)	(375)	(333)
-	-	-	-	-	-
6,277	6,366	6,260	5,956	5,875	5,358
8.35%	7.37%	6.93%	6.63%	6.38%	6.22%

Boone 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.

Boone County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		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)			
2009	Jul 1, 2008	-	\$ 74	74	0.00%	\$ 5,226	1.40%
2010	Jul 1, 2008	-	74	74	0.00	6,273	1.20
2011	Jul 1, 2008	-	74	74	0.00	6,595	1.10
2012	Jul 1, 2011	-	76	76	0.00	6,405	1.20
2013	Jul 1, 2011	-	76	76	0.00	6,505	1.20
2014	Jul 1, 2011	-	76	76	0.00	6,576	1.10
2015	Jul 1, 2014	-	403	403	0.00	6,659	6.10
2016	Jul 1, 2014	-	403	403	0.00	6,715	6.00

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

See accompanying independent auditor's report.

Boone County

Supplementary Information

Boone County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2016

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Task Force
Assets				
Cash, cash equivalents and pooled investments	\$ 56,400	232,876	183,135	22,613
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	75
Accrued interest	-	-	114	-
Drainage assessments	-	337,436	-	-
Due from other funds	191	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 56,591	570,312	183,249	22,688
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	337,436	-	-
Total deferred inflows of resources	-	337,436	-	-
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Resource enhancement and protection	-	-	183,249	-
Other purposes	56,591	232,876	-	22,688
Total fund balances	56,591	232,876	183,249	22,688
Total liabilities, deferred inflows of resources and fund balances	\$ 56,591	570,312	183,249	22,688

See accompanying independent auditor's report.

Revenue							
Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation		Total
35,107	3,198	3,252	3,121	581	62,770		603,053
-	-	-	-	1,741	-		1,741
-	-	-	-	226,000	-		226,000
1,361	-	1,853	1,800	-	-		5,089
-	-	-	-	-	-		114
-	-	-	-	-	-		337,436
-	-	-	-	-	-		191
-	400	-	-	-	-		400
36,468	3,598	5,105	4,921	228,322	62,770		1,174,024
-	100	2,056	230	-	-		2,386
-	-	-	-	226,000	-		226,000
-	-	-	-	1,607	-		339,043
-	-	-	-	227,607	-		565,043
-	-	-	-	715	-		715
-	-	-	-	-	-		183,249
36,468	3,498	3,049	4,691	-	62,770		422,631
36,468	3,498	3,049	4,691	715	62,770		606,595
36,468	3,498	3,049	4,691	228,322	62,770		1,171,638

Boone County

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

Year ended June 30, 2016

	Special			
	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Task Force
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	17,854	5,872
Charges for service	4,896	-	-	-
Use of money and property	191	-	699	-
Miscellaneous	-	267,317	-	1,337
Total revenues	5,087	267,317	18,553	7,209
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	8,505
County environment and education	-	517,767	4,885	-
Total expenditures	-	517,767	4,885	8,505
Excess (deficiency) of revenues over (under) expenditures	5,087	(250,450)	13,668	(1,296)
Other financing uses:				
Transfers out	-	-	-	-
Drainage warrants issued	-	338,568	-	-
Total other financing sources (uses)	-	338,568	-	-
Changes in fund balance	5,087	88,118	13,668	(1,296)
Fund balances beginning of year	51,504	144,758	169,581	23,984
Fund balances end of year	\$ 56,591	232,876	183,249	22,688

See accompanying independent auditor's report.

Revenue							
Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation		Total
-	-	-		190,059	-		190,059
-	570	-	-	-	-		24,296
-	-	-	-	-	-		4,896
-	-	17,383	-	-	31		18,304
8,139	-	-	6,325	-	1,308		284,426
8,139	570	17,383	6,325	190,059	1,339		521,981
5,085	600	19,132	3,591	-	-		36,913
-	-	-	-	-	54		522,706
5,085	600	19,132	3,591	-	54		559,619
3,054	(30)	(1,749)	2,734	190,059	1,285		(37,638)
-	-	-	-	(154,000)	-		(154,000)
-	-	-	-	-	-		338,568
-	-	-	-	(154,000)	-		184,568
3,054	(30)	(1,749)	2,734	36,059	1,285		146,930
33,414	3,528	4,798	1,957	(35,344)	61,485		459,665
36,468	3,498	3,049	4,691	715	62,770		606,595

Boone County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	2,327	341,037	207,412	8,710
Other County officials	58,369	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	992	2,576	76,092	3,957
Succeeding year	-	216,000	563,000	18,553,000	874,000
Accounts	850	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 59,219	219,319	906,613	18,836,504	886,667
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	432	-	-
Salaries and benefits payable	-	-	13,642	-	-
Due to other governments	31,813	219,319	843,677	18,836,504	886,667
Trusts payable	27,406	-	-	-	-
Compensated absences	-	-	48,862	-	-
Total liabilities	\$ 59,219	219,319	906,613	18,836,504	886,667

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E-911	Other	Total
119,247	3,463	809,370	45,561	18,593	259,566	707,965	2,523,251
-	-	-	-	-	-	-	58,369
54,794	1,437	-	-	7,612	-	18	147,478
7,748,000	411,000	-	-	1,730,000	-	3,000	30,098,000
-	-	-	-	-	17,170	22,367	40,387
-	-	-	181,001	-	-	-	181,001
-	-	-	-	-	134,891	50,784	185,675
<u>7,922,041</u>	<u>415,900</u>	<u>809,370</u>	<u>226,562</u>	<u>1,756,205</u>	<u>411,627</u>	<u>784,134</u>	<u>33,234,161</u>
-	-	-	-	-	64,594	3,545	68,571
-	-	-	-	-	-	12,283	25,925
7,922,041	415,900	809,370	226,562	1,756,205	277,355	5,469	32,230,882
-	-	-	-	-	69,678	724,747	821,831
-	-	-	-	-	-	38,090	86,952
<u>7,922,041</u>	<u>415,900</u>	<u>809,370</u>	<u>226,562</u>	<u>1,756,205</u>	<u>411,627</u>	<u>784,134</u>	<u>33,234,161</u>

Boone County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2016

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$42,132	213,914	870,486	18,273,862	803,118
Additions:					
Property and other county tax	-	218,068	567,250	18,617,664	880,735
E-911 surcharge	-	-	-	-	-
State tax credits	-	16,432	47,470	1,421,977	61,473
Office fees and collections	624,430	-	166	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	247,797	-	-	-	-
Miscellaneous	-	27	79	2,123	101
Total additions	872,227	234,527	614,965	20,041,764	942,309
Deductions:					
Agency remittances:					
To other funds	293,622	-	-	-	-
To other governments	328,171	229,122	578,838	19,479,122	858,760
Trusts paid out	233,347	-	-	-	-
Total deductions	855,140	229,122	578,838	19,479,122	858,760
Balances end of year	\$59,219	219,319	906,613	18,836,504	886,667

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E-911	Other	Total
7,962,364	404,563	711,251	250,335	1,714,151	438,483	671,785	32,356,444
7,609,036	421,136	-	-	1,741,944	-	3,880	30,059,713
-	-	-	-	-	259,476	-	259,476
799,162	25,707	-	-	131,281	-	300	2,503,802
-	-	-	-	-	-	-	624,596
-	-	8,514,713	-	-	-	-	8,514,713
-	-	-	73,526	-	-	-	73,526
-	-	-	-	-	-	530,167	777,964
-	70	-	-	217	28,882	2,826,215	2,857,714
8,408,198	446,913	8,514,713	73,526	1,873,442	288,358	3,360,562	45,671,504
-	-	298,207	-	-	-	-	591,829
8,448,521	435,576	8,118,387	-	-	238,596	29,673	38,744,766
-	-	-	97,299	1,831,388	76,618	3,218,540	5,457,192
8,448,521	435,576	8,416,594	97,299	1,831,388	315,214	3,248,213	44,793,787
7,922,041	415,900	809,370	226,562	1,756,205	411,627	784,134	33,234,161

Boone County

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

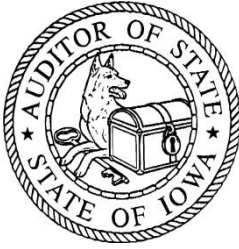
For the Last Ten Years

	2016	2015	2014	Modified 2013
Revenues:				
Property and other county tax	\$ 7,787,551	7,778,128	7,915,039	7,822,090
Local option sales tax	972,004	974,573	970,619	834,332
Interest and penalty on property tax	85,450	66,228	77,429	68,784
Intergovernmental	5,437,561	5,443,756	5,393,112	6,742,555
Licenses and permits	51,888	22,100	23,380	18,990
Charges for service	1,059,794	1,044,379	938,516	1,044,869
Use of money and property	138,988	119,902	129,063	140,691
Miscellaneous	566,765	270,065	743,661	334,528
Total	<u>\$ 16,100,001</u>	<u>15,719,131</u>	<u>16,190,819</u>	<u>17,006,839</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,491,581	3,374,960	3,375,919	3,133,722
Physical health and social services	592,941	606,356	640,190	617,137
Mental health	345,312	1,119,800	1,051,851	1,299,546
County environment and education	1,568,135	1,050,065	1,574,160	1,509,043
Roads and transportation	6,054,439	5,315,238	5,728,977	4,997,451
Governmental services to residents	519,788	727,542	534,462	561,908
Administration	1,755,455	1,693,871	1,779,060	1,582,486
Non-program	52,369	-	-	-
Debt service	740,166	742,003	736,588	697,402
Capital projects	811,892	377,113	1,625,251	2,468,315
Total	<u>\$ 15,932,078</u>	<u>15,006,948</u>	<u>17,046,458</u>	<u>16,867,010</u>

See accompanying independent auditor's report.

Accrual Basis					
2012	2011	2010	2009	2008	2007
7,624,140	7,362,020	6,833,940	6,482,896	6,145,257	5,678,758
870,967	813,991	770,944	824,876	828,151	790,831
68,321	78,801	97,131	85,812	93,048	76,918
7,383,576	6,752,826	6,721,779	6,350,624	6,196,573	6,177,965
19,645	17,730	15,170	17,324	18,631	25,821
914,070	947,402	946,631	951,013	932,813	916,158
208,399	148,592	180,428	237,426	276,241	343,410
400,336	387,811	348,081	302,259	231,978	257,996
17,489,454	16,509,173	15,914,104	15,252,230	14,722,692	14,267,857
2,991,532	3,050,832	2,818,638	2,753,574	2,685,812	2,507,524
630,996	740,042	790,647	708,696	639,097	660,704
3,238,850	2,455,192	2,200,563	2,510,866	2,986,700	2,671,208
2,068,863	2,278,691	1,551,519	945,822	926,932	933,921
5,298,333	5,254,482	5,514,468	4,767,579	4,831,699	4,322,499
541,174	554,193	549,998	594,094	497,320	495,947
1,560,273	1,663,071	1,713,577	1,797,854	1,591,002	1,338,419
-	-	-	-	-	-
1,716,334	642,994	3,816,125	2,101,810	610,659	417,958
700,074	311,292	1,294,297	234,620	653,859	3,113,667
18,746,429	16,950,789	20,249,832	16,414,915	15,423,080	16,461,847

Boone County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Officials of Boone County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 26, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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


Boone County's Responses to the Findings

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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State

May 26, 2017

Boone County
 Schedule of Findings
 Year ended June 30, 2016

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) 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 may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – collecting, depositing, posting and daily reconciling.	County Recorder
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Treasurer
(3) Disbursements – approval of disbursements and signing of the checks.	County Recorder

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.

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.

Boone County

Schedule of Findings

Year ended June 30, 2016

Responses –

County Recorder – Everyone in the office takes in Real Estate documents over the counter and waits on customers wanting Vital records and DNR Registrations. These payments are entered into a payment system on our Recorder’s System. At the end of the day we balance with these reports. It is not always the same person who balances these reports each day. One of us prepares the deposits for the bank and another enters the checks and cash amount onto an excel spreadsheet to show what was deposited each day. One of us approves the check amounts to be disbursed and someone else signs the checks. We continue to work toward segregation of duties to the extent possible with the limited number of staff members in the office

County Treasurer – It is necessary for everyone in the office to assist customers and collect money at the counter, including the Treasurer. We now have one less full-time employee than before. Cross-training has been a major focus in our office. There is a limited number of employees in the office during lunch hours, especially when we have employees gone for vacation or sick time. Everyone balances their own cash drawer separately and then the day’s total business is balance all together, either by the Treasurer or the First Deputy. The Treasurer does the month-end process and apportionment business.

Conclusions – Responses accepted.

(B) County Treasurer Monthly Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling bank statements to county records.

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

Cause – Policies have not been established and procedures have not been implemented to reconcile all bank account balances, including any investments, to the Treasurer’s book balance.

Effect – Since reconciliations of all bank account balances, including any investments, to the Treasurer’s book balance were not performed, misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

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

Boone County

Schedule of Findings

Year ended June 30, 2016

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

Conclusion – Response accepted.

(C) Current and Delinquent Property Tax Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling current and delinquent property tax collections to tax billings and amounts becoming or remaining delinquent to ensure the accuracy of current and delinquent property tax collections and receivables.

Condition – A current tax summary and delinquent tax reconciliation was completed, however, variances were not documented or resolved. In addition, the summary and reconciliation were not reviewed by an independent person.

Cause – Policies have not been established and procedures have not been implemented to ensure variances are resolved as well as to include a review of the current and delinquent reconciliations by an independent person.

Effect – Since current and delinquent property tax reconciliation variances were not resolved and there was no independent review of the reconciliations, misstatements of current and delinquent property tax collections and/or receivables may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – A current tax summary and delinquent tax reconciliation should be prepared as soon after year end as possible to ensure that the property tax billing, collection, posting and recording system is working properly. The reconciliations and summary should be reviewed by an independent person. The reviewer and preparer should initial and date to provide evidence of the independent review. Also, this would ensure any problems or errors would be identified and resolved timely.

Response – When doing the property tax and delinquent tax reconciliation, I will have someone else review the totals of all districts and compare to the grand total for accuracy. Once it was discovered that there was a variance, I was able to review the reports and determine where the variance was and the reports did tie to the reports from the system.

Conclusion – Response accepted.

Boone County
Schedule of Findings
Year ended June 30, 2016

(D) County Recorder Monthly Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciliations of bank statements to county records.

Condition – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2016 was not investigated and resolved.

Cause – Policies have not been established and procedures have not been implemented to resolve the variances identified during the monthly bank reconciliation process on a timely basis.

Effect – Since variances identified as part of the monthly bank reconciliation process were not resolved, misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

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

Response – We use several different reports to see that our bank balance reflects the deposits and the month end liabilities. We also run a monthly list of accounts receivable report that shows billing dates, paid dates, amount paid and amounts outstanding. We have also started a bank reconciliation on Excel to show monthly money deposited, money ACH from our accounts, outstanding checks and accounts receivable due. We continue to work to identify reconciling items in order to resolve variances between book and bank balances.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Boone County
Schedule of Findings
Year ended June 30, 2016

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.

(2) Questionable Expenditures – The Sheriff's Department allowed claims for the purchase of ammunition for deputies' personal hand guns. These expenditures may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

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

Recommendation – The Sheriff's Department should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Response – The Boone Board of Supervisors will address this issue with the County Sheriff. If the practice is continued, the County will establish written policies and procedures, including the requirement for proper documentation.

Conclusion – Response accepted.

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

(4) Business Transactions – There were no business transactions between the County and County officials or employees.

(5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

(6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not except as follows:

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

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

Response – The County endeavors to send Board minutes to be published within the seven day requirement. It is our goal to send the minutes as soon as the Board of Supervisors approves them. The Board meets on Wednesday and approves the previous week's minutes. We will continue to attempt to meet that goal.

Conclusion – Response accepted.

Boone County

Schedule of Findings

Year ended June 30, 2016

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County chose not to dedicate property tax revenue to conservation purposes to the extent 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).

The County produces a significant amount of revenue in its Conservation Department through camping and golf fees. This revenue is used to offset conservation expenses in lieu of property tax revenue.

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

Disbursements for the year ended June 30, 2016 for the County Extension Office did not exceed the amount budgeted.

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

	Original Area		Expansion Area		Total
	Closure	Postclosure	Closure	Postclosure	
Total estimated costs for closure and postclosure care	\$ 222,200	813,000	1,532,900	801,000	3,369,100
Amounts required to be held in the local dedicated fund at June 30, 2015	\$ 221,400	802,500	1,526,500	793,500	3,343,900
Reallocation of amounts required to be held based on current estimated costs	800	10,500	(800)	(10,500)	-
Amounts required to be held in the local dedicated fund at June 30, 2015, as reallocated	222,200	813,000	1,525,700	783,000	3,343,900
Current year allocations	-	-	7,200	18,000	25,200
Amounts required to be held in the local dedicated fund at June 30, 2016	\$ 222,200	813,000	1,532,900	801,000	3,369,100
Amounts restricted for closure and postclosure care at June 30, 2016	\$ 222,200	813,000	1,628,672	851,044	3,514,916

Boone County

Schedule of Findings

Year ended June 30, 2016

- (12) Annual Urban Renewal Report – The Annual Urban Renewal Report was not properly approved and certified to the Iowa Department of Management on or before December 1. The report was approved and filed on December 30, 2015.

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

Response – This comment is based on report due December 1, 2015 for FY2014-15 which was filed in December 30, 2015. Report for 2015-2016 was due to be filed by December 1, 2016 was filed August 31, 2016.

Conclusion – Response accepted

Boone County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager
Janet K. Mortvedt, CPA, Senior Auditor II
Ashley J. Moser, Senior Auditor
Nicole L. Roethlisberger, Staff Auditor
Zachary J. Koziolk, Assistant Auditor
Malika Moutiq, Assistant Auditor
Molly T. Petron, Auditor Intern
Steven K. Tallman, Auditor Intern

A handwritten signature in black ink, reading "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