

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

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Auditor of State

State Capitol Building
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NEWS RELEASE

FOR RELEASE

January 22, 2018

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

The County had local tax revenue of \$26,668,491 for the year ended June 30, 2017, which included \$2,536,107 in tax credits from the state. The County forwarded \$19,002,401 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,666,090 of the local tax revenue to finance County operations, a 0.2% decrease from the prior year. Other revenues included charges for service of \$2,032,025, operating grants, contributions and restricted interest of \$4,121,007, capital grants, contributions and restricted interest of \$2,672,183, local option sales tax of \$674,321, unrestricted investment earnings of \$80,030, gain on disposition of capital assets of \$14,643 and other general revenues of \$189,905.

Expenses for County operations for the year ended June 30, 2017 totaled \$13,406,928, an 8.7% increase over the prior year. Expenses included \$5,061,942 for roads and transportation, \$3,116,162 for public safety and legal services and \$1,518,261 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/1710-0071-B00F>.

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O'BRIEN COUNTY

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

JUNE 30, 2017

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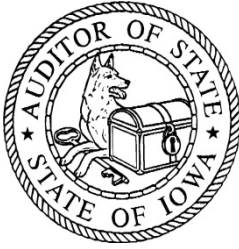
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O'Brien County
Officials
(Before January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James DeBoom	Board of Supervisors	Jan 2017
Nancy McDowell	Board of Supervisors	Jan 2017
John Steensma	Board of Supervisors	Jan 2017
Thomas Farnsworth	Board of Supervisors	Jan 2019
Daniel Friedrichsen	Board of Supervisors	Jan 2019
Barbara Rohwer	County Auditor	Jan 2017
Phyllis Rohlfen	County Treasurer	Jan 2019
Susan Smith	County Recorder	Jan 2019
Michael J. Anderson	County Sheriff	Jan 2017
Micah Schreurs	County Attorney	Jan 2019
Wesley Ray	County Assessor	Jan 2022

(After January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Farnsworth	Board of Supervisors	Jan 2019
Daniel Friedrichsen	Board of Supervisors	Jan 2019
Sherry Bootsma	Board of Supervisors	Jan 2021
Nancy McDowell	Board of Supervisors	Jan 2021
John Steensma	Board of Supervisors	Jan 2021
Barbara Rohwer	County Auditor	Jan 2021
Phyllis Rohlfen	County Treasurer	Jan 2019
Susan Smith	County Recorder	Jan 2019
Allen Schuknecht	County Sheriff	Jan 2021
Micah Schreurs	County Attorney	Jan 2019
Wesley Ray	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of O'Brien County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County as of June 30, 2017, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 52 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise O'Brien 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, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2018 on our consideration of O'Brien 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 solely 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 effectiveness of the County's 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 O'Brien County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

January 16, 2018

O'Brien County

MANAGEMENT'S DISCUSSION AND ANALYSIS

O'Brien County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 17.5%, or approximately \$2,596,000, from fiscal year 2016 to fiscal year 2017. Property and other county tax decreased approximately \$21,000. Capital grants, contributions and restricted interest increased approximately \$2,296,000. Operating grants, contributions and restricted interest increased approximately \$210,000.
- Program expenses of the County's governmental activities were approximately \$13,407,000 in fiscal year 2017, approximately \$1,072,000 more than in fiscal year 2016. Roads and transportation expenses decreased approximately \$324,000 and non-program expenses increased approximately \$790,000, primarily due to Community Development Block Grant activities.
- The County's net position increased 12.8%, or approximately \$4,043,000, from June 30, 2016 to June 30, 2017.

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 O'Brien 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 O'Brien 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 O'Brien 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 funds and the individual Agency Funds. In addition, the Schedule of

Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads and 3) the Debt Service. 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 Internal Service, Employee Health Insurance and Workers' Compensation Self Insurance Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County’s own programs. These fiduciary funds include Agency Funds that account for E-911 surcharges, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. O’Brien County’s combined net position increased from a year ago, from approximately \$31.5 million to approximately \$35.6 million. The analysis that follows focuses on the changes in the net position of governmental activities.

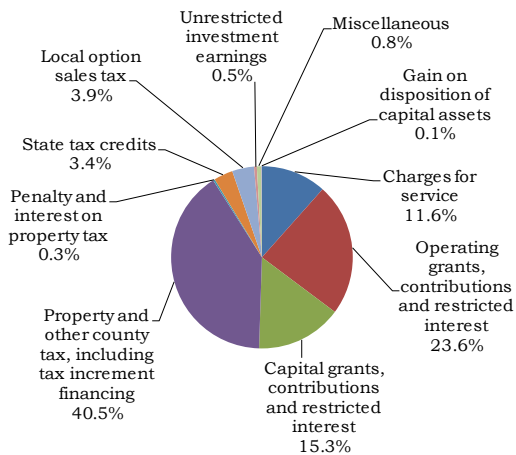
Net Position of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2017	2016
Current and other assets	\$ 20,450	18,717
Capital assets	26,005	23,588
Total assets	46,455	42,305
Deferred outflows of resources	1,133	530
Long-term liabilities	4,207	3,550
Other liabilities	1,099	357
Total liabilities	5,306	3,907
Deferred inflows of resources	6,705	7,394
Net position:		
Net investments in capital assets	25,735	23,038
Restricted	7,079	6,203
Unrestricted	2,763	2,293
Total net position	\$ 35,577	31,534

Net position of O’Brien County’s governmental activities increased 12.8% (approximately \$31.5 million to \$35.6 million). The largest portion of the County’s net position is invested 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 can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$2,293,000 at June 30, 2016 to approximately \$2,763,000 at the end of this year, a 20.5% increase.

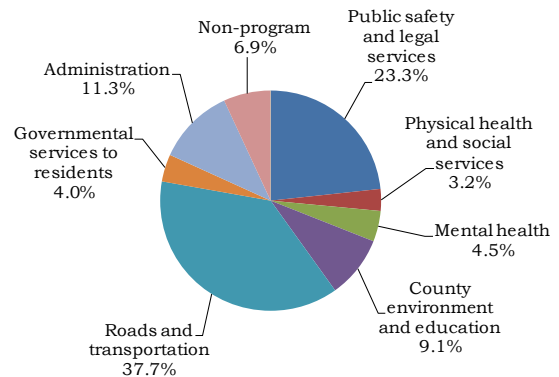
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2017	2016
Revenues:		
Program revenues:		
Charges for service	\$ 2,032	2,020
Operating grants, contributions and restricted interest	4,121	3,911
Capital grants, contributions and restricted interest	2,672	376
General revenues:		
Property and other county tax, including tax increment financing	7,072	7,093
Penalty and interest on property tax	49	42
State tax credits	594	612
Local option sales tax	674	571
Unrestricted investment earnings	80	26
Gain on disposition of capital assets	15	201
Miscellaneous	141	2
Total revenues	17,450	14,854
Program expenses:		
Public safety and legal services	3,116	2,895
Physical health and social services	423	407
Mental health	607	743
County environment and education	1,213	923
Roads and transportation	5,062	5,386
Governmental services to residents	533	529
Administration	1,518	1,306
Non-program	930	140
Interest on long-term debt	5	6
Total expenses	13,407	12,335
Change in net position	4,043	2,519
Net position beginning of year	31,534	29,015
Net position end of year	\$ 35,577	31,534

Revenues by Source



Expenses by Program



O'Brien County's net position of governmental activities increased approximately \$4,043,000 during the year. Revenues for governmental activities increased approximately \$2,596,000 from the prior year. Property and other county tax revenue decreased approximately \$21,000, or 0.3%, from the prior year. Capital grants, contributions and restricted interest increased approximately \$2,296,000. Operating grants, contributions and restricted interest increased approximately \$210,000, due primarily to increases in road use tax and increases in other grants.

The cost of all governmental activities this year increased approximately \$1,072,000 compared to last year at approximately \$13.4 million. As shown in the Statement of Activities on page 19, the amount property taxpayers ultimately financed for these activities was approximately \$4.6 million because some of the cost was paid by those who directly benefited from the programs, approximately \$2.0 million, and by other governments and organizations which subsidized certain programs with grants and contributions, approximately \$6.8 million. Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2017 from approximately \$6,307,000 to approximately \$8,825,000. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As O'Brien County completed the year, its governmental funds reported a combined fund balance of approximately \$10.4 million, an increase of approximately \$1.2 million from last year's total of approximately \$9.2 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$510,000, or 7.8%, while expenditures increased approximately \$1,006,000 from the prior year to approximately \$6,317,000, an increase of 18.9%. The ending fund balance increased approximately \$551,000 over the prior year to approximately \$4,372,000.
- Mental health expenditures for the year totaled approximately \$573,000, a decrease of 15.9% from the prior year. Revenues decreased approximately \$2,000, a decrease of 0.4%. The Special Revenue, Mental Health Fund balance increased approximately \$8,000 from the prior year to approximately \$372,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$203,000, principally due to an increase in local option sales and services tax of approximately \$103,000. Expenditures increased approximately \$20,000 over the prior year to approximately \$933,000, an increase of 2.2%. The ending fund balance increased approximately \$325,000 over the prior year to approximately \$999,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$290,000, primarily due to an increase in intergovernmental revenues. Expenditures decreased approximately \$158,000 from the prior year to approximately \$5,659,000, a decrease of 2.7%. The decrease is primarily due to a decrease in road and capital projects expenditures. The ending fund balance increased approximately \$500,000 over the prior year to approximately \$4,518,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, O'Brien County amended its budget three times. The first amendment made in August 2016 resulted in an increase in budgeted disbursements of \$660,982. The largest portion of this increase was \$343,519 in the county environment and education function. The second amendment was made in March 2017 and resulted in increases or decreases in budgeted disbursements for all functions except the roads and transportation function, netting to an overall increase of \$494,542. The third amendment was made in May 2017 and resulted in an increase of \$228,121 in total budgeted disbursements, \$200,000 from an increase in capital projects disbursements.

The County's receipts were \$1,469 more than budgeted, a variance of 0.1%.

Total disbursements were \$13,556,720, or 11.2% less than the amended budget. Actual disbursements for the capital projects, public safety and legal services and administration functions were under budget by \$132,078, \$374,701 and \$149,497, respectively. Capital projects function disbursements were less than anticipated due to fewer secondary road projects than anticipated. The public safety and legal services and administration functions did not spend as much on salaries and utilities as anticipated. Actual disbursements did not exceed the budget in any function during fiscal year 2017.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, O'Brien County had approximately \$26.0 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2,417,000, or 10.2%, over the prior year.

Capital Assets of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2017	2016
Land	\$ 1,019	1,019
Construction in progress, road network	290	267
Buildings and improvements	3,177	3,274
Equipment and vehicles	4,369	4,195
Infrastructure	17,150	14,833
Total	\$ 26,005	23,588
This year's major additions included (in thousands):		
Infrastructure	\$	3,268
Vehicles for Sheriff's Office		67
Equipment for Secondary Roads		375
Tractor for Secondary Roads		26
Truck for Secondary Roads		40
Equipment for Conservation Department		78
Truck for Conservation Department		33
Total	\$	3,887

The County had depreciation expense of \$1,480,758 in fiscal year 2017 and total accumulated depreciation of \$14,600,922 at June 30, 2017. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2017, O'Brien County had \$270,000 of general obligation notes outstanding, compared to \$550,000 of general obligation notes outstanding at June 30, 2016.

The County continues to carry a general obligation bond rating of AAA assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. O'Brien County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$86.2 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

O'Brien County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2018 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. According to information from Iowa Workforce Development, unemployment in the County stands at 2.3% versus 3.0% a year ago. This compares with the State's unemployment rate of 3.2% and the national rate of 4.5%.

These indicators were taken into account when adopting the budget for fiscal year 2018. Amounts available for appropriation in the operating budget were approximately \$20 million, an increase of 2.6% from the final fiscal year 2017 budget. Budgeted disbursements are expected to increase \$1,814,275 over fiscal year 2017 actual disbursements. If these estimates are realized, the County's budgetary operating balance is expected to decrease \$1,048,494 by the close of fiscal year 2018.

O'Brien County considered the current year's revenues, along with the historical revenues versus expenditures, when setting the levy rates for fiscal year 2018. A major factor in estimating many of the revenues from the State of Iowa was the current financial condition of the State and the history of the Iowa Legislature cutting funding for counties.

The County fee structure is based on state law. Therefore, any increases in revenues in this area would need to be legislated. It is O'Brien County's position to charge the highest rate allowable by law to recoup the actual cost of the programs.

O'Brien County has a tendency to underestimate revenues, resulting in higher than anticipated ending fund balances. The County's philosophy is to budget for the recommended, but not currently legislated, 25% ending fund balances. This percentage is based on total expenditures in the respective fund for the year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of O'Brien County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the O'Brien County Auditor's Office, O'Brien County Courthouse, 155 South Hayes, Primghar, Iowa 51245.

O'Brien County

Basic Financial Statements

Exhibit A

O'Brien County
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 11,374,479
Receivables:	
Property tax:	
Delinquent	3,957
Succeeding year	6,607,000
Interest and penalty on property tax	19,479
Accounts	14,903
Accrued interest	9,346
Drainage assessments	36,582
Due from other governments	1,304,957
Inventories	1,044,026
Prepaid expenses	35,887
Capital assets, net of accumulated depreciation	<u>26,004,590</u>
Total assets	<u>46,455,206</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>1,133,494</u>
Liabilities	
Accounts payable	1,034,246
Accrued interest payable	214
Salaries and benefits payable	51,607
Due to other governments	12,642
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	270,000
Compensated absences	238,861
Portion due or payable after one year:	
Drainage district warrants	36,582
Compensated absences	58,820
Net pension liability	3,126,975
Net OPEB liability	<u>476,146</u>
Total liabilities	<u>5,306,093</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	6,607,000
Pension related deferred inflows	<u>98,299</u>
Total deferred inflows of resources	<u>6,705,299</u>
Net Position	
Net investment in capital assets	25,734,590
Restricted for:	
Supplemental levy purposes	1,256,540
Mental health purposes	371,571
Rural services purposes	960,887
Secondary roads purposes	4,290,393
Drainage purposes	52,409
Debt service	19,254
Other purposes	128,739
Unrestricted	<u>2,762,925</u>
Total net position	<u>\$ 35,577,308</u>

See notes to financial statements.

O'Brien County
Statement of Activities
Year ended June 30, 2017

	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	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,116,162	816,761	19,087	-	(2,280,314)
Physical health and social services	423,040	238,175	174,981	-	(9,884)
Mental health	607,345	32,785	-	-	(574,560)
County environment and education	1,213,320	198,085	15,330	125,000	(874,905)
Roads and transportation	5,061,942	323,353	3,911,177	1,954,149	1,126,737
Governmental services to residents	532,740	307,467	174	-	(225,099)
Administration	1,518,261	39,649	-	-	(1,478,612)
Non-program	929,588	75,750	-	593,034	(260,804)
Interest on long-term debt	4,530	-	258	-	(4,272)
Total	\$ 13,406,928	2,032,025	4,121,007	2,672,183	(4,581,713)
General Revenues:					
Property and other county tax levied for:					
General purposes					6,807,710
Debt service					264,251
Penalty and interest on property tax					48,739
State tax credits					594,129
Local option sales tax					674,321
Unrestricted investment earnings					80,030
Gain on disposition of capital assets					14,643
Miscellaneous					141,166
Total general revenues					8,624,989
Change in net position					4,043,276
Net position beginning of year					31,534,032
Net position end of year					\$ 35,577,308

See notes to financial statements.

O'Brien County
Balance Sheet
Governmental Funds

June 30, 2017

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 4,195,171	372,626	930,321	3,470,549
Receivables:				
Property tax:				
Delinquent	2,893	373	488	-
Succeeding year	3,943,000	318,000	2,115,000	-
Interest and penalty on property tax	19,479	-	-	-
Accounts	11,756	-	50	3,097
Accrued interest	6,827	-	-	-
Drainage assessments	-	-	-	-
Due from other funds	72,464	-	-	-
Due from other governments	742,565	-	71,728	365,664
Inventories	-	-	-	1,044,026
Prepaid expenditures	35,887	-	-	-
Total assets	\$ 9,030,042	690,999	3,117,587	4,883,336
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 660,188	-	3,382	332,991
Salaries and benefits payable	18,977	1,056	-	31,574
Due to other funds	-	-	-	-
Due to other governments	12,467	-	175	-
Total liabilities	<u>691,632</u>	<u>1,056</u>	<u>3,557</u>	<u>364,565</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,943,000	318,000	2,115,000	-
Other	23,139	373	488	750
Total deferred inflows of resources	<u>3,966,139</u>	<u>318,373</u>	<u>2,115,488</u>	<u>750</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	1,044,026
Prepaid expenditures	35,887	-	-	-
Restricted for:				
Supplemental levy purposes	1,255,541	-	-	-
Mental health purposes	-	371,570	-	-
Rural services purposes	-	-	998,542	-
Secondary roads purposes	-	-	-	3,473,995
Drainage purposes	-	-	-	-
Debt service	-	-	-	-
Other purposes	17,985	-	-	-
Committed for ambulance replacement	111,358	-	-	-
Unassigned	2,951,500	-	-	-
Total fund balances	<u>4,372,271</u>	<u>371,570</u>	<u>998,542</u>	<u>4,518,021</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 9,030,042	690,999	3,117,587	4,883,336

See notes to financial statements.

Nonmajor	Total
132,705	9,101,372
203	3,957
231,000	6,607,000
-	19,479
-	14,903
-	6,827
36,582	36,582
-	72,464
125,000	1,304,957
-	1,044,026
-	35,887
<u>525,490</u>	<u>18,247,454</u>
2,812	999,373
-	51,607
72,464	72,464
-	12,642
<u>75,276</u>	<u>1,136,086</u>
231,000	6,607,000
<u>36,785</u>	<u>61,535</u>
<u>267,785</u>	<u>6,668,535</u>
-	1,044,026
-	35,887
-	1,255,541
-	371,570
-	998,542
-	3,473,995
52,410	52,410
19,265	19,265
110,754	128,739
-	111,358
-	2,951,500
<u>182,429</u>	<u>10,442,833</u>
<u>525,490</u>	<u>18,247,454</u>

O'Brien County

O'Brien County

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

June 30, 2017

Total governmental fund balances (page 21) \$ 10,442,833

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$40,605,512 and the accumulated depreciation is \$14,600,922. 26,004,590

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. 61,535

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 2,240,753

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	\$ 1,133,494	
Deferred inflows of resources	<u>(98,299)</u>	1,035,195

Long-term liabilities, including notes payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (4,207,598)

Net position of governmental activities (page 18) \$ 35,577,308

See notes to financial statements.

O'Brien County

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

Year ended June 30, 2017

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	4,135,286	532,731	2,138,062	-
Local option sales tax	-	-	674,321	-
Interest and penalty on property tax	41,381	-	-	-
Intergovernmental	1,801,845	48,635	228,557	3,937,275
Licenses and permits	11,100	-	-	149,181
Charges for service	540,944	-	-	-
Use of money and property	218,414	-	-	2,197
Miscellaneous	294,096	-	3,430	145,877
Total revenues	7,043,066	581,366	3,044,370	4,234,530
Expenditures:				
Operating:				
Public safety and legal services	2,256,399	-	778,030	-
Physical health and social services	426,730	-	-	-
Mental health	34,253	573,004	-	-
County environment and education	705,880	-	153,482	-
Roads and transportation	-	-	-	4,254,380
Governmental services to residents	532,813	-	1,380	-
Administration	1,517,055	-	-	-
Non-program	832,092	-	-	-
Debt service	-	-	-	-
Capital projects	11,294	-	-	1,404,972
Total expenditures	6,316,516	573,004	932,892	5,659,352
Excess (deficiency) of revenues over (under) expenditures	726,550	8,362	2,111,478	(1,424,822)
Other financing sources (uses):				
Sale of capital assets	4,439	-	-	-
Transfers in	-	-	-	1,924,525
Transfers out	(180,215)	-	(1,786,165)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(175,776)	-	(1,786,165)	1,924,525
Change in fund balances	550,774	8,362	325,313	499,703
Fund balances beginning of year	3,821,497	363,208	673,229	4,018,318
Fund balances end of year	\$ 4,372,271	371,570	998,542	4,518,021

See notes to financial statements.

Nonmajor	Total
264,195	7,070,274
-	674,321
-	41,381
165,263	6,181,575
-	160,281
3,201	544,145
1,324	221,935
3,679	447,082
<u>437,662</u>	<u>15,340,994</u>
-	3,034,429
-	426,730
-	607,257
354,906	1,214,268
-	4,254,380
-	534,193
-	1,517,055
-	832,092
284,710	284,710
-	1,416,266
<u>639,616</u>	<u>14,121,380</u>
<u>(201,954)</u>	<u>1,219,614</u>
-	4,439
41,855	1,966,380
-	(1,966,380)
<u>36,582</u>	<u>36,582</u>
<u>78,437</u>	<u>41,021</u>
(123,517)	1,260,635
<u>305,946</u>	<u>9,182,198</u>
<u>182,429</u>	<u>10,442,833</u>

O'Brien County

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

Year ended June 30, 2017

Change in fund balances - Total governmental funds (page 25) \$ 1,260,635

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

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

Expenditures for capital assets	\$ 3,886,863	
Depreciation expense	<u>(1,480,758)</u>	2,406,105

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. 10,204

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	1,687	
Other	<u>44,247</u>	45,934

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.

Issued	(36,582)	
Repaid	<u>280,000</u>	243,418

The current year County share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position. 420,028

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	(9,270)	
Other postemployment benefits	(25,607)	
Pension expense	(436,501)	
Interest on long-term debt	<u>180</u>	(471,198)

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 128,150

Change in net position of governmental activities (page 19) \$ 4,043,276

See notes to financial statements.

O'Brien County
Statement of Net Position
Proprietary Funds
June 30, 2017

	<u>Internal Service</u>
Current Assets	
Cash and cash equivalents	\$ 1,423,107
Investments	850,000
Accrued interest receivable	<u>2,519</u>
Total current assets	2,275,626
Current Liabilities	
Accounts payable	<u>34,873</u>
Net Position	
Unrestricted	<u><u>\$ 2,240,753</u></u>

See notes to financial statements.

O'Brien County

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

Year ended June 30, 2017

	<u>Internal Service</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,338,460
Reimbursements from others	<u>8,790</u>
Total operating revenues	1,347,250
Operating expenses:	
Health claims and administrative services	<u>1,237,834</u>
Operating income	109,416
Non-operating revenues:	
Interest income	<u>18,734</u>
Net income	128,150
Net position beginning of year	<u>2,112,603</u>
Net position end of year	<u>\$ 2,240,753</u>

See notes to financial statements.

O'Brien County
 Statement of Cash Flows
 Proprietary Funds
 Year ended June 30, 2017

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,338,460
Cash received from others	8,790
Cash paid to suppliers for services	<u>(1,260,349)</u>
Net cash provided by operating activities	86,901
Cash flows from investing activities:	
Interest on investments	<u>18,476</u>
Increase in cash and cash equivalents	105,377
Cash and cash equivalents beginning of year	<u>1,317,730</u>
Cash and cash equivalents end of year	<u>\$ 1,423,107</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 109,416
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in payables	<u>(22,515)</u>
Net cash provided by operating activities	<u>\$ 86,901</u>

See notes to financial statements.

O'Brien County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 4,723,409
Other County officials	46,095
Receivables:	
Property tax:	
Delinquent	17,984
Succeeding year	17,068,000
Accounts	19,778
Special assessments	361,031
Due from other governments	44,045
Inventories	8,863
Total assets	<u>22,289,205</u>

Liabilities

Accounts payable	159,558
Due to other governments	22,016,157
Trusts payable	95,104
Compensated absences	18,386
Total liabilities	<u>22,289,205</u>

Net position	<u>\$ -</u>
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See notes to financial statements.

O'Brien County

Notes to Financial Statements

June 30, 2017

(1) Summary of Significant Accounting Policies

O'Brien 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, O'Brien 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 O'Brien County (the primary government) and eleven drainage districts (the component units). These component units 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.

Eleven 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 O'Brien 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 O'Brien County Auditor's Office.

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

The County also participates in the following jointly governed organizations: Northwest Iowa Multi-County Regional Juvenile Detention Center, Northwest Iowa Area Solid Waste Agency, Synergy Center and Iowa Great Lakes Drug Task Force. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Planning and Development Commission, Compass Pointe, Family Crisis Center, Private Industries Council, Seasons Mental Health Center, Third Judicial District Department of Correctional Services, Upper Des Moines Opportunity, Inc., Iowa County Engineers Association Service Bureau, Regional Transit Authority/RIDES, Inc., O'Brien County Health Care Coalition and O'Brien County Economic Development Corporation.

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 road construction and maintenance.

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not 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. Special assessments receivable represent assessments which have been made but have not been collected.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 2003 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 the capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the 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, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position 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 receivables that will not be recognized until the year for which it is levied and the unrecognized items not yet charged to pension expense.

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.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$4,107,206 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 investment in the IPAIT is unrated for credit risk purposes.

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 138,360
	Special Revenue:	
	Rural Services	1,786,165
Resource Enhancement and Protection	General	<u>41,855</u>
Total		<u>\$ 1,966,380</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,019,401	-	-	1,019,401
Construction in progress, road network	267,276	3,188,563	3,165,494	290,345
Total capital assets not being depreciated	<u>1,286,677</u>	<u>3,188,563</u>	<u>3,165,494</u>	<u>1,309,746</u>
Capital assets being depreciated:				
Buildings	4,873,764	-	-	4,873,764
Improvements other than buildings	30,697	-	-	30,697
Equipment and vehicles	9,341,492	824,284	689,612	9,476,164
Infrastructure, road network	21,749,647	3,165,494	-	24,915,141
Total capital assets being depreciated	<u>35,995,600</u>	<u>3,989,778</u>	<u>689,612</u>	<u>39,295,766</u>
Less accumulated depreciation for:				
Buildings	1,617,120	96,930	-	1,714,050
Improvements other than buildings	13,507	614	-	14,121
Equipment and vehicles	5,146,139	534,947	573,832	5,107,254
Infrastructure, road network	6,917,230	848,267	-	7,765,497
Total accumulated depreciation	<u>13,693,996</u>	<u>1,480,758</u>	<u>573,832</u>	<u>14,600,922</u>
Total capital assets being depreciated, net	<u>22,301,604</u>	<u>2,509,020</u>	<u>115,780</u>	<u>24,694,844</u>
Governmental activities capital assets, net	<u>\$ 23,588,281</u>	<u>5,697,583</u>	<u>3,281,274</u>	<u>26,004,590</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 186,354
Physical health and social services	279
County environment and education	47,782
Roads and transportation	1,223,510
Governmental services to residents	7,717
Administration	<u>15,116</u>
Total depreciation expense – governmental activities	<u>\$ 1,480,758</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2017 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 12,467
Special Revenue:		
Rural Services	Services	<u>175</u>
Total for governmental funds		<u>\$ 12,642</u>
Agency:		
County Assessor	Collections	\$ 471,943
Schools		9,702,420
Community Colleges		648,985
Corporations		6,210,992
Townships		236,697
Auto License, Use Tax and Driver's License		424,044
E-911 Surcharges		494,522
All other		<u>3,826,554</u>
Total for agency funds		<u>\$ 22,016,157</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	<u>General</u>	<u>Drainage</u>	<u>Compen-</u>	<u>Net</u>	<u>Net</u>	
	<u>Obligation</u>	<u>District</u>	<u>sated</u>	<u>Pension</u>	<u>OPEB</u>	
	<u>Bonds/Notes</u>	<u>Warrants</u>	<u>Absences</u>	<u>Liability</u>	<u>Liability</u>	<u>Total</u>
Balance beginning of year	\$ 550,000	-	288,411	2,261,515	450,539	3,550,465
Increases	-	36,582	372,477	865,460	38,686	1,313,205
Decreases	<u>280,000</u>	-	<u>363,207</u>	-	<u>13,079</u>	<u>656,286</u>
Balance end of year	<u>\$ 270,000</u>	<u>36,582</u>	<u>297,681</u>	<u>3,126,975</u>	<u>476,146</u>	<u>4,207,384</u>
Due within one year	<u>\$ 270,000</u>	-	<u>238,861</u>	-	-	<u>508,861</u>

General Obligation Notes

A summary of the County's June 30, 2017 general obligation note indebtedness is as follows:

Law Enforcement Center Refunding Notes, Series 2012				
Issued Nov 27, 2012				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2018	0.90-1.00%	\$ 270,000	1,958	271,958

During the year ended June 30, 2017, the County retired \$280,000 of general obligation notes.

(7) Industrial Development Revenue Bonds

The County has issued a total of \$8,100,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2017, the outstanding principal balance was \$7,031,658. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

(8) Pension Plan

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

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

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

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

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally 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 or 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 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll, for a total rate of 19.26%. 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, 2017 totaled \$420,028.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of \$3,126,975 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the County’s proportion was 0.049687%, which was an increase of 0.003912% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$436,501. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,364	72,784
Changes of assumptions	43,785	14,450
Net difference between projected and actual earnings on IPERS' investments	622,489	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	21,828	11,065
County contributions subsequent to the measurement date	420,028	-
Total	<u>\$ 1,133,494</u>	<u>98,299</u>

\$420,028 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, 2018. 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
2018	\$ 60,647
2019	60,647
2020	314,330
2021	182,385
2022	(2,842)
Total	<u>\$ 615,167</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 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, 2016 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%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	100%	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 5,716,815	3,126,975	943,462

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

Payables to IPERS – All legally required employer contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2017.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 100 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 37,881
Interest on net OPEB obligation	18,022
Adjustment to annual required contribution	<u>(17,217)</u>
Annual OPEB cost	38,686
Contributions made	<u>(13,079)</u>
Increase in net OPEB obligation	25,607
Net OPEB obligation beginning of year	<u>450,539</u>
Net OPEB obligation end of year	<u>\$ 476,146</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, 2017.

For the year ended June 30, 2017, the County contributed \$13,079 to the medical plan and there were no plan member contributions.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 37,980	16.6%	\$ 418,771
2016	38,630	17.8	450,539
2017	38,686	33.8	476,146

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$354,159, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$354,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,626,000 and the ratio of the UAAL to covered payroll was 7.7%. As of June 30, 2017, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 8.0%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purposes of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are \$1,505 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

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

(11) Employee Health Insurance Plan

The Internal Service, Employee Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark Blue Cross Blue Shield. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark Blue Cross Blue Shield from the Employee Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2017 was \$1,338,460.

Amounts payable from the Employee Health Insurance Fund at June 30, 2017 total \$34,873, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,224,617 at June 30, 2017 and is reported as a designation of the Internal Service, Employee Health Insurance Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 57,388
Incurred claims (including claims incurred but not reported at June 30, 2017)	1,237,834
Payment on claims during the fiscal year	<u>1,260,349</u>
Unpaid claims end of year	<u>\$ 34,873</u>

(12) Contingent Liability

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Northwest Iowa Area Solid Waste Agency required by Chapter 567-113.14 of the Iowa Administrative Code. The County's financial assurance obligation is \$306,000.

(13) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Sheldon	Urban renewal and economic development projects	\$ 26,495
City of Paulina	Urban renewal and economic development projects	5,565
City of Sanborn	Urban renewal and economic development projects	3,074

(14) O'Brien County Financial Information Included in Northwest Iowa Care Connections

Northwest Iowa Care Connections, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective April 25, 2016, includes the following member counties: Clay County, Dickinson County, Lyon County, O'Brien County, Osceola County and Palo Alto County. The financial activity of O'Brien County's Special Revenue, Mental Health Fund is included in Northwest Iowa Care Connections for the year ended June 30, 2017, as follows:

Revenues:		
Property and other county tax		\$ 532,731
Intergovernmental revenues:		
State tax credits		<u>48,635</u>
Total revenues		<u>581,366</u>
Expenditures:		
General administration:		
Direct administration	42,359	
Distribution to regional fiscal agent	<u>530,645</u>	<u>573,004</u>
Excess of expenditures over revenues		8,362
Fund balance beginning of the year		<u>363,208</u>
Fund balance end of the year		<u>\$ 371,570</u>

(15) New Accounting Pronouncement

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the County.

(16) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's other postemployment benefits.

O'Brien County

Required Supplementary Information

O'Brien 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, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,741,225	-	7,741,225
Interest and penalty on property tax	41,381	-	41,381
Intergovernmental	5,329,965	-	5,329,965
Licenses and permits	160,299	-	160,299
Charges for service	543,628	-	543,628
Use of money and property	220,669	379	220,290
Miscellaneous	429,030	-	429,030
Total receipts	14,466,197	379	14,465,818
Disbursements:			
Public safety and legal services	3,012,740	-	3,012,740
Physical health and social services	446,135	-	446,135
Mental health	606,603	-	606,603
County environment and education	1,218,862	45,462	1,173,400
Roads and transportation	4,522,219	-	4,522,219
Governmental services to residents	549,055	-	549,055
Administration	1,479,574	-	1,479,574
Non-program	239,872	-	239,872
Debt service	284,710	-	284,710
Capital projects	1,242,412	-	1,242,412
Total disbursements	13,602,182	45,462	13,556,720
Excess (deficiency) of receipts over (under) disbursements	864,015	(45,083)	909,098
Other financing sources, net	59,826	36,582	23,244
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	923,841	(8,501)	932,342
Balance beginning of year	8,177,531	60,911	8,116,620
Balance end of year	\$ 9,101,372	52,410	9,048,962

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,598,576	7,544,946	196,279
33,830	33,633	7,748
5,083,927	5,760,358	(430,393)
112,000	112,000	48,299
468,540	489,305	54,323
169,068	183,488	36,802
95,173	340,619	88,411
<u>13,561,114</u>	<u>14,464,349</u>	<u>1,469</u>
3,365,412	3,387,441	374,701
449,711	483,756	37,621
826,359	727,459	120,856
938,708	1,263,923	90,523
4,686,000	4,686,000	163,781
595,984	595,527	46,472
1,553,258	1,629,071	149,497
10,100	836,200	596,328
284,711	284,711	1
<u>1,174,690</u>	<u>1,374,490</u>	<u>132,078</u>
<u>13,884,933</u>	<u>15,268,578</u>	<u>1,711,858</u>
(323,819)	(804,229)	1,713,327
-	-	23,244
(323,819)	(804,229)	1,736,571
<u>6,319,959</u>	<u>8,072,072</u>	<u>44,548</u>
<u>5,996,140</u>	<u>7,267,843</u>	<u>1,781,119</u>

O'Brien County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 14,466,197	874,797	15,340,994
Expenditures	13,602,182	519,198	14,121,380
Net	864,015	355,599	1,219,614
Other financing sources, net	59,826	-	41,021
Beginning fund balances	8,177,531	1,004,667	9,182,198
Ending fund balances	\$ 9,101,372	1,360,266	10,442,833

See accompanying independent auditor's report.

O'Brien County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,383,645. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2017, disbursements did not exceed the amounts budgeted.

O'Brien County

O'Brien County

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

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

Required Supplementary Information

	2017	2016	2015
County's proportion of the net pension liability	0.049687%	0.045775%	0.042809%
County's proportionate share of the net pension liability	\$ 3,127	2,262	1,698
County's covered-employee payroll	\$ 4,546	4,374	4,237
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	65.79%	51.71%	40.08%
IPERS' net position as a percentage of the total pension liability	81.82%	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.

O'Brien County

Schedule of County Contributions

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

Required Supplementary Information

	2017	2016	2015	2014
Statutorily required contribution	\$ 420	418	404	391
Contributions in relation to the statutorily required contribution	(420)	(418)	(404)	(391)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered-employee payroll	\$ 4,589	4,546	4,374	4,237
Contributions as a percentage of covered-employee payroll	9.15%	9.19%	9.24%	9.23%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
368	339	294	280	278	244
(368)	(339)	(294)	(280)	(278)	(244)
-	-	-	-	-	-
4,065	3,947	3,711	3,769	3,929	3,683
9.05%	8.59%	7.92%	7.43%	7.08%	6.63%

O'Brien County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2017

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 (unfunded actuarial liability) 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.

O'Brien County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 878	878	0.0%	\$ 3,779	23.2%
2010	Jul 1, 2008	-	878	878	0.0	3,816	23.0
2011	Jul 1, 2008	-	878	878	0.0	3,759	23.4
2012	Jul 1, 2011	-	617	617	0.0	4,013	15.4
2013	Jul 1, 2011	-	617	617	0.0	4,152	14.9
2014	Jul 1, 2011	-	576	576	0.0	4,277	13.5
2015	Jul 1, 2014	-	354	354	0.0	4,316	8.2
2016	Jul 1, 2014	-	354	354	0.0	4,446	8.0
2017	Jul 1, 2014	-	354	354	0.0	4,626	7.7

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

See accompanying independent auditor's report.

O'Brien County

Supplementary Information

O'Brien County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

				Special
	Resource Enhancement and Protection	County Recorder's Records Management	Federal Drug Reimbursement	
Assets				
Cash, cash equivalents and pooled investments	\$ -	27,866	4,217	
Receivables:				
Property tax:				
Delinquent	-	-	-	
Succeeding year	-	-	-	
Drainage assessments	-	-	-	
Due from other Governments	125,000	-	-	
Total assets	\$ 125,000	27,866	4,217	
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,812	-	-	
Due to other funds	72,464	-	-	
Total Liabilities	75,276	-	-	
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	
Other	-	-	-	
Total deferred inflows of resources	-	-	-	
Fund balances:				
Restricted for:				
Drainage purposes	-	-	-	
Debt service	-	-	-	
Other Purpose	49,724	27,866	4,217	
Total fund balances	49,724	27,866	4,217	
Total liabilities, deferred inflows of resources and fund balances	\$ 125,000	27,866	4,217	

See accompanying independent auditor's report.

Revenue					
County Attorney Forfeiture	Housing Rehab	Special Environment	Drainage Districts	Debt Service	Total
1,445	22,236	5,266	52,410	19,265	132,705
-	-	-	-	203	203
-	-	-	-	231,000	231,000
-	-	-	36,582	-	36,582
-	-	-	-	-	125,000
1,445	22,236	5,266	88,992	250,468	525,490
-	-	-	-	-	2,812
-	-	-	-	-	72,464
-	-	-	-	-	75,276
-	-	-	-	231,000	231,000
-	-	-	36,582	203	36,785
-	-	-	36,582	231,203	267,785
-	-	-	52,410	-	52,410
-	-	-	-	19,265	19,265
1,445	22,236	5,266	-	-	110,754
1,445	22,236	5,266	52,410	19,265	182,429
1,445	22,236	5,266	88,992	250,468	525,490

O'Brien County

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

Year ended June 30, 2017

	Resource Enhancement and Protection	County Recorder's Records Management	Special Federal Drug Reimbursement
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	139,344	-	-
Charges for service	-	3,201	-
Use of money and property	470	174	-
Miscellaneous	-	-	-
Total revenues	<u>139,814</u>	<u>3,375</u>	<u>-</u>
Expenditures:			
Operating:			
County environment and education	308,704	-	-
Debt service	-	-	-
Total expenditures	<u>308,704</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(168,890)	3,375	-
Other financing sources:			
Transfer in	41,855	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	<u>41,855</u>	<u>-</u>	<u>-</u>
Changes in fund balances	(127,035)	3,375	-
Fund balances beginning of year	<u>176,759</u>	<u>24,491</u>	<u>4,217</u>
Fund balances end of year	<u>\$ 49,724</u>	<u>27,866</u>	<u>4,217</u>

See accompanying independent auditor's report.

 Revenue

County Attorney Forfeiture	Housing Rehab	Special Environment	Drainage Districts	Debt Service	Total
-	-	-	-	264,195	264,195
-	-	-	-	25,919	165,263
-	-	-	-	-	3,201
-	61	13	348	258	1,324
195	3,484	-	-	-	3,679
195	3,545	13	348	290,372	437,662
-	5,180	-	41,022	-	354,906
-	-	-	-	284,710	284,710
-	5,180	-	41,022	284,710	639,616
195	(1,635)	13	(40,674)	5,662	(201,954)
-	-	-	-	-	41,855
-	-	-	36,582	-	36,582
-	-	-	36,582	-	78,437
195	(1,635)	13	(4,092)	5,662	(123,517)
1,250	23,871	5,253	56,502	13,603	305,946
1,445	22,236	5,266	52,410	19,265	182,429

Schedule 3

O'Brien County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2017

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Current Assets			
Cash	\$ 1,406,971	16,136	1,423,107
Investments	850,000	-	850,000
Accrued interest receivable	2,519	-	2,519
Total current assets	2,259,490	16,136	2,275,626
Current Liabilities			
Accounts payable	34,873	-	34,873
Net Position			
Unrestricted	\$ 2,224,617	16,136	2,240,753

See accompanying independent auditor's report.

O'Brien County

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

Year ended June 30, 2017

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Operating revenues:			
Reimbursements from operating funds	\$ 1,338,460	-	1,338,460
Reimbursements from others	8,790	-	8,790
Total operating revenues	1,347,250	-	1,347,250
Operating expenses:			
Health claims and administrative services	1,237,545	289	1,237,834
Operating income (loss)	109,705	(289)	109,416
Non-operating revenues:			
Interest income	18,734	-	18,734
Net income (loss)	128,439	(289)	128,150
Net position beginning of year	2,096,178	16,425	2,112,603
Net position end of year	\$ 2,224,617	16,136	2,240,753

See accompanying independent auditor's report.

O'Brien County

O'Brien County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2017

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Cash flows from operating activities:			
Cash received from operating fund reimbursements	\$ 1,338,460	-	1,338,460
Cash received from others	8,790	-	8,790
Cash paid to suppliers for services	<u>(1,260,060)</u>	<u>(289)</u>	<u>(1,260,349)</u>
Net cash provided (used) by operating activities	87,190	(289)	86,901
Cash flows from investing activities:			
Interest on investments	<u>18,476</u>	<u>-</u>	<u>18,476</u>
Increase (decrease) in cash and cash equivalents	105,666	(289)	105,377
Cash and cash equivalents beginning of year	<u>1,301,305</u>	<u>16,425</u>	<u>1,317,730</u>
Cash and cash equivalents end of year	<u>\$ 1,406,971</u>	<u>16,136</u>	<u>1,423,107</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 109,705	(289)	109,416
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase in payables	<u>(22,515)</u>	<u>-</u>	<u>(22,515)</u>
Net cash provided (used) by operating activities	<u>\$ 87,190</u>	<u>(289)</u>	<u>86,901</u>

See accompanying independent auditor's report.

O'Brien County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	3,076	229,731	135,620	8,557
Other County officials	46,095	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	152	196	6,800	428
Succeeding year	-	223,000	251,000	9,560,000	640,000
Accounts	-	-	60	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	\$ 46,095	226,228	480,987	9,702,420	648,985
Liabilities					
Accounts payable	\$ -	-	-	-	-
Due to other governments	12,410	226,228	471,943	9,702,420	648,985
Trusts payable	33,685	-	-	-	-
Compensated absences	-	-	9,044	-	-
Total liabilities	\$ 46,095	226,228	480,987	9,702,420	648,985

See accompanying independent auditor's report.

Corporations	Townships	Auto License, Use Tax and Driver's License	E-911 Surcharges	Regional Mental Health	Other	Total
42,630	3,653	424,044	438,513	3,229,102	208,483	4,723,409
-	-	-	-	-	-	46,095
10,362	44	-	-	-	2	17,984
6,158,000	233,000	-	-	-	3,000	17,068,000
-	-	-	11,005	8,408	305	19,778
-	-	-	-	-	361,031	361,031
-	-	-	36,399	7,646	-	44,045
-	-	-	8,863	-	-	8,863
6,210,992	236,697	424,044	494,780	3,245,156	572,821	22,289,205
-	-	-	258	158,832	468	159,558
6,210,992	236,697	424,044	494,522	3,086,324	501,592	22,016,157
-	-	-	-	-	61,419	95,104
-	-	-	-	-	9,342	18,386
6,210,992	236,697	424,044	494,780	3,245,156	572,821	22,289,205

O'Brien County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 43,551	220,158	490,696	9,843,042	611,945
Additions:					
Property and other county tax	-	223,785	251,495	9,588,818	642,238
E-911 surcharge	-	-	-	-	-
State tax credits	-	19,879	25,604	904,770	55,243
Office fees and collections	994,292	-	-	-	-
Auto licenses, driver's licenses, use tax and postage	-	-	-	-	-
Special assessments	-	-	-	-	-
Trusts	489,340	-	-	-	-
Miscellaneous	-	-	4,528	-	-
Total additions	1,483,632	243,664	281,627	10,493,588	697,481
Deductions:					
Agency remittances:					
To other funds	767,886	-	-	-	-
To other governments	228,791	237,594	291,336	10,634,210	660,441
Trusts paid out	484,411	-	-	-	-
Total deductions	1,481,088	237,594	291,336	10,634,210	660,441
Balances end of year	\$ 46,095	226,228	480,987	9,702,420	648,985

See accompanying independent auditor's report.

Corporations	Townships	Auto License, Use Tax and Driver's License	E-911 Surcharges	Regional Mental Health	Other	Total
5,860,476	237,732	404,540	444,855	3,015,122	875,403	22,047,520
6,118,398	233,136	-	-	-	2,553	17,060,423
-	-	-	194,053	-	-	194,053
920,594	15,655	-	-	-	233	1,941,978
-	-	-	-	-	-	994,292
-	-	4,866,041	-	-	-	4,866,041
-	-	-	-	-	25,603	25,603
-	-	-	-	-	109,666	599,006
-	-	-	3,950	1,752,664	140,249	1,901,391
7,038,992	248,791	4,866,041	198,003	1,752,664	278,304	27,582,787
-	-	164,263	-	-	15	932,164
6,688,476	249,826	4,682,274	148,078	1,522,630	580,871	25,924,527
-	-	-	-	-	-	484,411
6,688,476	249,826	4,846,537	148,078	1,522,630	580,886	27,341,102
6,210,992	236,697	424,044	494,780	3,245,156	572,821	22,289,205

O'Brien County

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

For the Last Ten Years

	2017	2016	2015	Modified 2014
Revenues:				
Property and other county tax	\$ 7,070,274	7,070,445	5,647,504	5,643,094
Local option sales tax	674,321	571,246	496,833	464,700
Tax increment financing	-	21,775	263,343	586,956
Interest and penalty on property tax	41,381	40,146	47,003	37,618
Intergovernmental	6,181,575	5,308,263	5,018,196	5,650,951
Licenses and permits	160,281	272,402	104,028	309,211
Charges for service	544,145	560,990	517,915	557,920
Use of money and property	221,935	217,321	194,059	179,802
Miscellaneous	447,082	173,763	225,334	228,701
Total	\$ 15,340,994	14,236,351	12,514,215	13,658,953
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,034,429	2,959,086	2,946,246	3,053,886
Physical health and social services	426,730	415,653	432,384	425,074
Mental health	607,257	750,298	917,950	951,114
County environment and education	1,214,268	908,779	858,867	908,450
Roads and transportation	4,254,380	5,130,878	4,351,451	3,996,617
Governmental services to residents	534,193	547,206	522,927	640,455
Administration	1,517,055	1,340,722	1,174,974	1,282,709
Non-program	832,092	30,160	6,958	6,676
Debt service	284,710	277,585	862,618	736,770
Capital projects	1,416,266	686,432	342,107	1,360,912
Total	\$ 14,121,380	13,046,799	12,416,482	13,362,663

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
5,507,469	5,370,568	5,217,546	5,061,082	4,596,836	4,580,718
501,867	502,532	549,039	418,232	550,006	567,367
597,052	454,053	277,107	92,439	52,139	-
64,261	36,263	38,333	40,933	31,568	29,515
4,726,524	5,439,839	5,638,539	5,086,425	5,316,142	5,427,698
112,510	115,771	73,441	7,925	4,050	3,200
504,716	471,117	463,818	480,827	511,611	509,384
177,478	170,412	167,814	170,910	196,765	324,450
193,632	116,155	114,013	167,836	116,706	178,439
<u>12,385,509</u>	<u>12,676,710</u>	<u>12,539,650</u>	<u>11,526,609</u>	<u>11,375,823</u>	<u>11,620,771</u>
2,855,852	2,744,927	2,629,857	2,578,282	2,720,567	2,623,440
385,576	416,749	498,026	498,693	510,089	458,495
907,760	1,928,652	1,689,437	1,538,454	1,866,966	1,954,462
904,547	890,612	770,200	712,447	776,160	956,874
3,713,831	3,533,717	3,608,080	3,282,107	3,347,948	3,294,303
524,493	516,709	478,552	478,305	465,164	430,043
1,058,352	978,377	935,515	860,505	869,095	855,461
6,456	5,944	7,099	5,190	4,942	4,902
2,502,239	732,305	374,947	377,459	374,721	574,403
1,189,761	288,466	882,336	232,698	324,506	1,839,258
<u>14,048,867</u>	<u>12,036,458</u>	<u>11,874,049</u>	<u>10,564,140</u>	<u>11,260,158</u>	<u>12,991,641</u>

Schedule 9

O'Brien County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
SNAP Cluster:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	FY17	<u>\$ 9,821</u>
Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and			
and Non-Entitlement Grants in Hawaii	14.228	16-CF-002	<u>593,034</u>
Department of the Interior National Park Service:			
Iowa Department of Natural Resources:			
Outdoor Recreation Acquisition, Development and Planning	15.916	19-01303	<u>125,000</u>
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	BROS-CO71(78)-5F-71	<u>3,200</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency			
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT471	<u>5,569</u>
Immunization Cooperative Agreements	93.268	58861458	<u>1,050</u>
Immunization Cooperative Agreements	93.268	58881458	<u>39</u>
			<u>1,089</u>
PPHF Capacity Building Assistance to Strengthen			
Public Health Immunization Infrastructure and			
Performance financed in part by Prevention and			
Public Health Funds	93.539	58861458	7,279
PPHF Capacity Building Assistance to Strengthen			
Public Health Immunization Infrastructure and			
Performance financed in part by Prevention and			
Public Health Funds	93.539	58881458	<u>39</u>
			<u>7,318</u>
National Bioterrorism Hospital Preparedness Program	93.889	5887BT76	<u>47,961</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance State/Replacement			
Designee Administered Programs	93.566	FY17	<u>29</u>
Foster Care Title IV-E	93.658	FY17	<u>3,645</u>
Adoption Assistance	93.659	FY17	<u>1,127</u>
Social Services Block Grant	93.667	FY17	<u>2,896</u>
State Children's Insurance Program	93.767	FY17	<u>78</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child			
Care and Development Fund	93.596	FY17	<u>2,781</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	FY17	<u>17,137</u>
Total			<u>\$ 820,685</u>

O'Brien County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

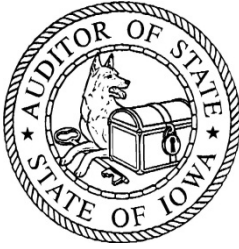
Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of O'Brien County under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of O'Brien County, it is not intended to and does not present the financial position, changes in financial position or cash flows of O'Brien County.

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

Indirect Cost Rate – O'Brien County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

O'Brien County



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

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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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 O'Brien County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 16, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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 have not been identified. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-17 and II-B-17 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2017 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.

O'Brien County's Responses to the Findings

O'Brien County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. O'Brien 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.

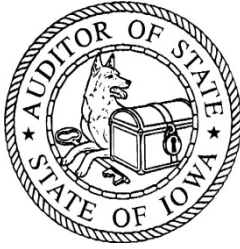
Purpose of this Report

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 O'Brien 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

January 16, 2018



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

Mary Mosiman, CPA
Auditor of State

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

To the Officials of O'Brien County:

Report on Compliance for Each Major Federal Program

We have audited O'Brien County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2017. O'Brien County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, O'Brien County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item III-A-17, we consider to be a significant deficiency.

O'Brien County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. O'Brien County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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


MARY MOSIMAN, CPA
Auditor of State

January 16, 2018

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part I: Summary of Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) The major program was CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) O'Brien County did not qualify as a low-risk auditee.

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-17 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:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	Treasurer, Recorder, Assessor, Sheriff, Public Health/Sanitation, Conservation
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	Treasurer, Recorder, Assessor, Sheriff, Public Health/Sanitation
(3) Bank reconciliations are not performed by a person who does not record cash receipts or prepare checks.	Recorder
(3) Bank reconciliations are not performed by a person who does not record cash receipts or prepare checks. In addition, bank reconciliations are not reviewed periodically by an independent person for propriety.	Treasurer, Sheriff
(5) The person who signs checks is not independent of the person preparing checks, approving disbursements and recording cash receipts.	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.

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

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.

Responses:

County Treasurer – With a limited staff, it is hard to segregate duties but we will try to comply with the recommendations that were made.

County Recorder – With limited staff, it is hard to segregate duties, but we will try and comply to the best of our abilities.

County Sheriff – The administrative assistant is no longer authorized to sign checks. The jail supervisor does the bank deposit and prepares the checks. The Sheriff signs the checks. The administrative assistant reconciles the checking account. A third party will review the reconciliation. We will have someone review the reconciliation report. We are now doing a periodic initial listing of checks received. We will have a third party review the initial listing.

County Assessor – We will try and comply with the auditors finding, but with a small staff, it will be hard.

County Public Health/Sanitation – We will try to comply with this requirement even though we have a limited number of staff in our department.

Conservation – Beginning December 2017, when the mail is opened by the Assistant Director, that person will record on the envelope the date received, the check numbers and amounts, and initial. A complete listing will be compiled for each envelope received in the mail which will include the same information as on the envelope.

Conclusion – Responses acknowledged. The Offices should also consider utilizing personnel from other offices or departments to provide additional internal control.

II-B-17 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Condition – Capital assets amounts were reported on new County software were not reconciled to previously reported amounts. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

Recommendation – The County should establish procedures to ensure all capital assets are properly reported in the County's financial statements.

Response – We can certainly put a process in place to have a review of these activities. This was an issue that probably wouldn't have caught with that oversight due to it being something that occurred with the conversation to the new financial system and its integration with the State software.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 14.228: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii**

Pass-through Entity Identifying Number: 16-CF-002

Federal Award Year: 2017

Prior Year Finding Number: N/A

U.S. Department of Housing and Urban Development

Passed through the Iowa Economic Development Authority

III-A-17 Cash Management
(2017-001)

Criteria – Effective cash management procedures for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received.

Condition – A review of the County's records identified one instance where grant funds were not passed through to the recipient within ten business days.

Cause – Policies and procedures were not in place to monitor requests for reimbursements and budgeted expenditures. Grant reimbursements were not received until FY 2018 which had not budgeted for the grant disbursement.

Effect – Failure to follow procedures resulted in County employees not disbursing grant funds timely.

Recommendation – The County should implement procedures to ensure federal funds are drawn down when the County is prepared to disburse the funds received within ten business days.

Response and Corrective Action Planned – Due to the project being delayed into the next fiscal year, we did not have the CDBG funds budgeted in FY18 and needed a budget hearing before we could expend the funds. In the future we will review procedures to ensure funds are disbursed in a timely manner.

Conclusion – Response accepted.

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Other Findings Related to Required Statutory Reporting:

IV-A-17 Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted.

IV-B-17 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-17 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-17 Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Lisa Fischer, Wife of Grader Operator	Mower	\$ 380
Diane Harms, Wife of District 1 Foreman	Mowing	450
Courtney Rehder, Daughter of District 5 Foreman	Mowing	525
Kevin Smith, Husband of County Recorder	Lawn services	523
Robert Knowlton, Motor Grader Operator 2	Purchase of metal press	229

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since the total for each individual did not exceed \$1,500 during the year ended June 30, 2017.

IV-E-17 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-17 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-17 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-H-17 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-17 Financial Condition – The Resource Enhancement and Protection (REAP) fund had a deficit cash balance at June 30, 2017 of \$72,464.

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

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

Response – Due to the delay of the Cabin project, we were unable to receive the grant funds as we anticipated. This was discovered after the time period needed to hold a hearing to borrow into the next fiscal year. We will attempt to comply in future years.

Conclusion – Response accepted.

IV-J-17 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2017 for the County Extension Office did not exceed the amount budgeted.

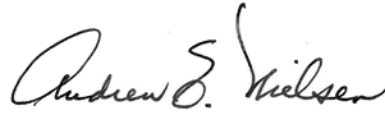
IV-K-17 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

O'Brien County

Staff

This audit was performed by:

Katherine L. Rupp CPA, Manager
Anthony M. Heibult, Senior Auditor
Cole L. Hocker, Staff Auditor
Preston R. Grygiel, Staff Auditor
Molly N. Kalkwarf, Assistant Auditor
Erin M. Wittrock, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State