

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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE

**March 16, 2018**

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$42,663,856 for the year ended June 30, 2017, which included \$3,095,433 in tax credits from the state. The County forwarded \$34,327,071 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,336,785 of the local tax revenue to finance County operations, a 2.3% increase over the prior year. Other revenues included charges for service of \$7,122,328, operating grants, contributions and restricted interest of \$4,386,950, capital grants, contributions and restricted interest of \$1,997,134, tax increment financing of \$236,010, local option sales tax of \$1,008,214, unrestricted investment earnings of \$118,769 and other general revenues of \$275,285.

Expenses for County operations for the year ended June 30, 2017 totaled \$19,934,686, a 6.9% increase over the prior year. Expenses included \$6,947,499 for roads and transportation, \$3,724,564 for public safety and legal services and \$2,000,067 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/1710-0008-B00F>.

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**BOONE COUNTY**

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

**JUNE 30, 2017**

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**Boone County**

**Officials**

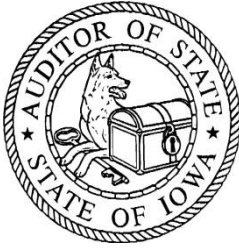
**(Before January 2017)**

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

**(After January 2017)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Duffy	Board of Supervisors	Jan 2019
Chad Behn	Board of Supervisors	Jan 2021
Bill Zinnel	Board of Supervisors	Jan 2021
Philippe Meier	County Auditor	Jan 2021
Darcy Bosch	County Treasurer	Jan 2019
Veronica Rardin	County Recorder	Jan 2019
Greg Elsberry	County Sheriff	Jan 2021
Daniel Kolacia	County Attorney	Jan 2019
Paul Overton	County Assessor	Jan 2022

**Boone County**



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Independent Auditor's Report

To the Officials of Boone County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 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, the business type activities, each major fund and the aggregate remaining fund information of Boone 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 22 and 62 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2018 on our consideration of Boone County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Boone County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

March 7, 2018

**Boone County**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **FISCAL YEAR 2017 FINANCIAL HIGHLIGHTS**

- Boone County's governmental activities revenues increased \$2,434,968, or 14.4%, compared to fiscal year 2016. Taxes levied on property increased \$201,778, or 2.5% from fiscal year 2016. The revenue increase is primarily due to a large increase in capital assets contributed by the Iowa Department of Transportation as well as an increase in reimbursements for inspection work related to the Dakota Access pipeline project.
- Boone County's governmental activities expenses increased \$1,039,251, or 6.4%, compared to fiscal year 2016. This increase is primarily related to an increase in mental health costs as well as the cost of inspection work related to the Dakota Access pipeline project.
- Boone County's total net position increased \$3,546,789 over the fiscal year 2016 balance, or approximately 7%.

### **USING THIS ANNUAL REPORT**

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

### BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of financial position. Boone County's combined net position increased 7% from a year ago, increasing from approximately \$50.8 million to approximately \$54.4 million. The analysis that follows focuses on the net position of governmental and business type activities.

Net Position of Boone County Activities						
	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 17,612,504	16,897,932	8,613,042	7,589,762	26,225,546	24,487,694
Capital assets	43,152,951	42,777,541	5,497,925	5,153,542	48,650,876	47,931,083
Total assets	60,765,455	59,675,473	14,110,967	12,743,304	74,876,422	72,418,777
Deferred outflows of resources	1,516,413	693,794	93,323	62,865	1,609,736	756,659
Long-term liabilities	8,449,941	8,229,239	4,578,748	4,605,195	13,028,689	12,834,434
Other liabilities	632,529	829,661	167,986	142,586	800,515	972,247
Total liabilities	9,082,470	9,058,900	4,746,734	4,747,781	13,829,204	13,806,681
Deferred inflows of resources	8,251,440	8,499,811	21,220	31,439	8,272,660	8,531,250
Net position:						
Net investment in capital assets	41,959,901	41,107,668	4,675,625	4,085,005	46,635,526	45,192,673
Restricted	7,119,046	5,678,866	652,567	576,572	7,771,613	6,255,438
Unrestricted	(4,130,989)	(3,975,978)	4,108,144	3,365,372	(22,845)	(610,606)
Total net position	\$ 44,947,958	42,810,556	9,436,336	8,026,949	54,384,294	50,837,505

Net position of Boone County's governmental activities increased 5% (approximately \$44.9 million compared to approximately \$42.8 million). The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted governmental activities net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements, decreased from a deficit of approximately \$3,976,000 at June 30, 2016 to a deficit of approximately \$4,131,000 at June 30, 2017. The deficit is a result of the County's outstanding debt related to the Central Iowa Expo loan guarantee and the nearly \$4.6 million share of the IPERS underfunded liability recorded as of July 1, 2016 that affected unrestricted net position.

The following table entitled "Changes in Net Position of Boone County Activities" compares the changes in detail. Looking at the County as a whole, revenues increased 11.2% and expenses increased 6.9%. Revenues of the County as a whole increased \$2,375,435 compared to fiscal year 2016. Operating grants increased \$246,310, which mostly represents increased Iowa Department of Transportation (IDOT) funding from the State, while capital grants decreased \$1,201,129 which mostly represents increased contributed capital from the IDOT. Charges for service increased 12.7%, property tax revenue increased 2.2%, tax increment financing increased 24.2%, local option sales tax revenue increased 3.8% and other revenue decreased 12.9% compared to fiscal year 2016. A look at expenses by function reveals public safety and legal services expenses

increased 6.8%, physical health and social services expenses increased 2.3%, mental health expenses increased 134.4% with the continued implementation of the mental health redesign with the State of Iowa retaining all Medicaid related revenue to pay expenses, county environment and education expenses decreased 7.4%, roads and transportation expenses decreased 2.8%, governmental services to residents expenses increased 31.6%, administration expenses increased 5.4%, non-program expenses increased 902%, interest on long-term debt increased by less than 1% and solid waste expenses increased 10% compared to fiscal year 2016.

Changes in Net Position of Boone County Activities						
	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for service	\$ 3,010,456	2,371,927	4,111,872	3,949,864	7,122,328	6,321,791
Operating grants, contributions and restricted interest	4,386,950	4,140,640	-	-	4,386,950	4,140,640
Capital grants, contributions and restricted interest	1,997,134	796,005	-	-	1,997,134	796,005
General revenues:						
Property tax - general purposes	7,296,611	7,229,063	-	-	7,296,611	7,229,063
Property tax - debt service	479,183	367,959	-	-	479,183	367,959
Tax increment financing	236,010	190,059	-	-	236,010	190,059
Penalty and interest on property tax	90,928	96,753	-	-	90,928	96,753
State tax credits	560,991	552,193	-	-	560,991	552,193
Local option sales tax	1,008,214	971,297	-	-	1,008,214	971,297
Grants and contributions not restricted to specific purposes	66,620	34,394	-	-	66,620	34,394
Unrestricted investment earnings	93,591	70,295	25,178	54,418	118,769	124,713
Gain on disposition of capital assets	97,224	24,482	7,699	200,000	104,923	224,482
Miscellaneous	12,814	56,691	-	-	12,814	56,691
Total revenues	19,336,726	16,901,758	4,144,749	4,204,282	23,481,475	21,106,040
Program expenses:						
Public safety and legal services	3,724,564	3,487,751	-	-	3,724,564	3,487,751
Physical health and social services	604,392	590,804	-	-	604,392	590,804
Mental health	735,956	314,013	-	-	735,956	314,013
County environment and education	1,843,121	1,990,721	-	-	1,843,121	1,990,721
Roads and transportation	6,947,499	7,149,241	-	-	6,947,499	7,149,241
Governmental services to residents	589,623	448,132	-	-	589,623	448,132
Administration	2,000,067	1,898,191	-	-	2,000,067	1,898,191
Non-program	524,937	52,369	-	-	524,937	52,369
Interest on long-term debt	229,165	228,851	-	-	229,165	228,851
Solid waste	-	-	2,735,362	2,485,934	2,735,362	2,485,934
Total expenses	17,199,324	16,160,073	2,735,362	2,485,934	19,934,686	18,646,007
Change in net position	2,137,402	741,685	1,409,387	1,718,348	3,546,789	2,460,033
Net position beginning of year	42,810,556	42,068,871	8,026,949	6,308,601	50,837,505	48,377,472
Net position end of year	\$ 44,947,958	42,810,556	9,436,336	8,026,949	54,384,294	50,837,505

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

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position		
<b>Total Governmental Fund Balances</b>		\$ 8,634,705
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$82,043,810 and the accumulated depreciation is \$38,890,859.		43,152,951
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.		454,442
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	\$ 1,516,413	
Deferred inflows of resources	<u>(333,440)</u>	1,182,973
Long-term liabilities, including notes payable, compensated absences payable, other postemployment benefits payable, drainage district warrants payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(8,477,113)</u>
<b>Net Position of Governmental Activities</b>		<u>\$ 44,947,958</u>

The County-wide taxable valuation increased approximately 2.5% and the County's rural taxable valuation increased approximately 2.4%. The budgetary requirements of the County for county-wide purposes required a County-wide levy rate of \$4.85308/\$1,000 of taxable valuation, unchanged from the fiscal year 2016 levy rate. The total increase in dollars levied County-wide was \$154,602, or 2.6%.

The budgetary requirements of the County for rural services required a rural services levy rate of \$2.52131/\$1,000 of taxable rural valuation, unchanged from the fiscal year 2016 levy rate. The total increase in dollars levied in unincorporated or rural areas of Boone County for the Rural Services Fund increased 2.4%, or \$47,176.

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

	Property Tax Levied	
	FY2017	FY2016
County-wide taxable valuation	\$ 1,274,368,207	1,242,961,119
County-wide levy rate without debt service	4.46436	4.55105
Dollars levied without debt service	5,689,239	5,656,780
County-wide taxable debt service valuation	1,311,900,286	1,284,025,544
County debt service levy rate	0.38872	0.30203
Dollars levied for debt service	509,957	387,814
Total County-wide levy rate	4.85308	4.85308
Total dollars levied County-wide	6,199,196	6,044,594
Rural taxable valuation	793,725,569	775,014,590
Rural tax levy rate	2.52131	2.52131
Dollars levied rural area only	2,001,228	1,954,052
Total dollars levied	\$ 8,200,424	7,998,646

## Governmental Activities

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

- Revenues for governmental activities were approximately \$19.3 million in fiscal year 2017, which is a 14.4% increase compared to fiscal year 2016. Expenses for governmental activities totaled approximately \$17.2 million, an increase of 6.4% compared to fiscal year 2016. In a difficult budgeting year, Boone County did a remarkable job maintaining expenses to match available revenues, noting the County's net position of governmental activities ended the year at approximately \$44.9 million, a 5% increase from fiscal year 2016 total net position.
- Local option sales tax revenue of \$1,008,214 was up approximately \$37,000. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the local option sales tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax increased 3.8% compared to fiscal year 2016.

## Net Cost of Governmental Activities

Function	Expenses	Program Revenues			FY2017 Net Expense or (Revenue)	FY2016 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions			
Public safety and legal services	\$ 3,724,564	599,393	20,287		3,104,884	2,900,805
Physical health and social services	604,392	92,446	155,679		356,267	402,464
Mental health	735,956	-	-		735,956	314,013
County environment and education	1,843,121	1,089,316	52,727		701,078	1,339,268
Roads and transportation	6,947,499	257,461	6,140,550		549,488	2,038,381
Governmental services to residents	589,623	203,555	-		386,068	(229,754)
Administration	2,000,067	588,227	14,841		1,396,999	1,805,104
Non-program	524,937	180,058	-		344,879	52,369
Interest on long-term debt	229,165	-	-		229,165	228,851
<b>Total</b>	<b>\$ 17,199,324</b>	<b>3,010,456</b>	<b>6,384,084</b>		<b>7,804,784</b>	<b>8,851,501</b>

- The cost of all governmental activities this year was approximately \$17.2 million, an increase of approximately \$1,000,000, or 6.4%, from fiscal year 2016.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$3 million, an increase of approximately \$638,000, or 26.9%, compared to fiscal year 2016.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$6.4 million, an increase of 29.3% compared to fiscal year 2016.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$8,663,723, local option sales tax of \$1,008,214, unrestricted grants and contributions of \$66,620, unrestricted investment earnings of \$93,591, gain on disposition of capital assets of \$97,224 and other miscellaneous revenue of \$12,814. Total general revenues for fiscal year 2017 were \$9,942,186, up \$349,000, or 3.6%, compared to fiscal year 2016.



## Business Type Activities

Function	Expenses	Program Revenues		
		Charges for Service	FY2017 Net Expense or (Revenue)	FY2016 Net Expense or (Revenue)
Solid waste	\$ 2,735,362	4,111,872	(1,376,510)	(1,463,930)

Program revenues of the Boone County Landfill (BCL) increased 4.1% to \$4,111,872 when compared to fiscal year 2016 as the landfill had an overall increase of tonnage of 1,346.86 tons. Several factors figure in to the revenue increase in fiscal year 2016 to fiscal year 2017. Rates increased by \$1.00 per ton in fiscal year 2017 and \$2.00 per ton for Story County construction and demolition material. The Ames Resource Recovery Plant (ARRP) was closed for 100 days in fiscal year 2016. While they were closed they came to the BCL. They came to BCL 43 days in fiscal year 2017 showing a reduction in shutdown material of 5,102 tons. Construction and demolition from Story County increased 184 tons and building demolition increased by 991 tons from Story County while there was a 950 ton increase in Boone and Greene counties. Program revenues were \$162,008 more than fiscal year 2016. Expenses increased 10% to approximately \$2.7 million. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- Keep Boone County Beautiful (KBCB) continued to offer assistance to area cleanup activities. It again hosted the Dragoon River Romp and Keep Boone County Scenic events.
- Commencing on July 1, 2011, the Boone County Landfill became the sole landfill in the Central Iowa Waste Management Association (CIWMA). This followed the closure of the Ames/Story Construction and Demolition Landfill. This waste stream is charged a rate twice the rate paid by customers from the Landfill's primary service area.
- The Landfill's comprehensive planning area received approval of its 2014 plan update in February 2016. The IDNR calculated the planning area's landfill waste diversion rate at 59.6% which exceeds the State of Iowa's 50% diversion goal.

## MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

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

The financial performance of Boone County as a whole is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$8,634,705, 14% more than last year's total of \$7,573,788. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

## General Fund

General Fund		
	FY2017	FY2016
Beginning fund balance	\$ 2,326,137	2,052,919
Property tax, including penalty and interest	4,885,251	4,614,612
Local option sales tax	252,108	243,001
Intergovernmental	835,981	806,327
Permits and charges for service	1,150,810	1,045,677
Interest and use of property	179,306	119,495
Miscellaneous	738,471	165,724
Sale of capital assets	4,440	1,878
Transfer from other fund	-	141,279
Total revenues and other financing sources:	<u>8,046,367</u>	<u>7,137,993</u>
Public safety and legal services	3,478,093	3,185,690
Physical health and social services	603,739	592,941
County environment and education	741,269	719,613
Governmental services to residents	634,794	517,780
Administration	1,859,993	1,755,455
Non-program	524,937	52,369
Transfers to other funds	-	40,927
Total expenditures and transfers	<u>7,842,825</u>	<u>6,864,775</u>
Ending fund balance	<u>\$ 2,529,679</u>	<u>2,326,137</u>

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

Total property tax revenue increased 5.9%. Local option sales tax revenue increased 3.7% and intergovernmental revenue increased 3.7%. Revenue from user fees increased 10% and interest and use of property increased 50% due to county's investing in drainage district stamped warrants. Total revenues and other financing sources increased 12.7% compared to fiscal year 2016.

Total expenditures and transfers increased 14.2%, or \$978,050, compared to fiscal year 2016. Non program expenditures exceeded FY16 expenditures by \$472,568. These are the expenditures for the County for legally required inspectors for the Dakota Access Pipeline. All of the expenditures were reimbursed by Dakota Access.

The General Fund ending balance is 32.2% of total expenditures and transfers for fiscal year 2017 compared to 33.9% for fiscal year 2016.

## Special Revenue Funds

Mental Health Fund		
	FY2017	FY2016
Beginning fund balance	\$ 966,443	399,108
Property tax	564,842	828,450
Intergovernmental	75,553	84,197
Total revenues	640,395	912,647
Mental illness	197,235	123,162
General administration and County provided case management	531,921	222,150
Total expenditures	729,156	345,312
Ending fund balance	\$ 877,682	966,443

Boone County levied \$597,386 as determined by the Central Iowa Community Service Region. The fiscal year 2017 ending fund balance was 120.4% of fiscal year 2017 expenditures compared to 279.9% for fiscal year 2016. Revenues decreased 29.8% as property tax revenue was \$263,608 less than fiscal year 2016. Mental health expenditures were 111.2% higher in fiscal year 2017 compared to fiscal year 2016, as they include a \$270,000 transfer to the regional fiscal agent.

Boone County has joined the Central Iowa Community Service Region as provided for in the mental health redesign. Fiscal year 2018 property tax asking has been reduced to \$593,873 and to \$589,010 for fiscal year 2019 which were the levies requested by CICS regional board.

Rural Services Fund		
	FY2017	FY2016
Beginning fund balance	\$ 1,000,503	1,095,045
Property tax	1,917,457	1,872,678
Local option sales tax	756,323	729,003
Intergovernmental	122,538	120,634
Permits, charges for service and miscellaneous	67,371	29,739
Total revenues	2,863,689	2,752,054
Public safety and legal services	270,773	268,978
County environment and education	328,082	325,816
Governmental services to residents	2,119	2,008
Transfers to other funds	2,341,961	2,249,794
Total expenditures and transfers	2,942,935	2,846,596
Ending fund balance	\$ 921,257	1,000,503

Property tax revenue for fiscal year 2017 was up \$44,779, or 2.4%. The local effort for Secondary Roads was maintained at 90% of the maximum allowed to be levied for the Secondary Roads Fund.

- Local option sales tax revenue in the Rural Services Fund increased 3.7% compared to fiscal year 2016.
- Total property tax related revenue (\$1,917,457) is less than the amount transferred to the Secondary Roads Fund (\$2,341,961) by \$424,504, which means local option sales tax or fund balance has paid for all of the services in the Rural Services Fund and part of the road expenses. This is where rural residents realize direct property tax relief because of the local option sales tax.

- The Rural Services Fund ending fund balance now represents 31.3% of the Rural Services Fund expenditures, including transfers to the Secondary Roads Fund, compared to 35.1% for fiscal year 2016.

Secondary Roads Fund		
	FY2017	FY2016
Beginning fund balance	\$ 2,641,100	2,699,328
State fuel tax and other state revenue	4,651,235	4,373,886
Permits, charges for service and miscellaneous	144,150	147,985
Use of money and property	1,189	1,189
Transfers from other funds	2,341,961	2,283,221
Sale of capital assets	-	1,822
Total revenues and transfers	<u>7,138,535</u>	<u>6,808,103</u>
Secondary road maintenance	5,622,828	6,054,439
Secondary road construction	631,022	811,892
Total expenditures	<u>6,253,850</u>	<u>6,866,331</u>
Ending fund balance	<u>\$ 3,525,785</u>	<u>2,641,100</u>

- Secondary Roads Fund revenue and transfers increased 4.8% compared to fiscal year 2016. Intergovernmental revenue was higher by \$277,349, primarily due to an increase in road use tax revenues. Transfers were \$58,740 higher than in fiscal year 2016.
- Secondary Roads Fund expenditures decreased \$612,481 compared to fiscal year 2016, a decrease of 8.9%. The decrease of expenditures was \$180,870 less spent on construction and \$400,000 of fund balance has been set aside to begin planning for county shed replacements.

The ending fund balance compared to total expenditures increased to 56.4% in fiscal year 2017 compared to 38.5% in fiscal year 2016.

### Debt Service Fund

	FY2017	FY2016
Beginning fund balance	\$ 33,010	123,855
Property tax	482,082	367,202
Intergovernmental and miscellaneous	36,751	28,221
Transfers from other funds	233,000	253,898
Total revenues and transfers	<u>751,833</u>	<u>649,321</u>
Principal	575,000	555,000
Interest	171,453	185,166
Total expenditures	<u>746,453</u>	<u>740,166</u>
Ending fund balance	<u>\$ 38,390</u>	<u>33,010</u>

The Debt Service Fund accumulates resources and pays the principal and interest on the County's general obligation bonds and notes. At the end of fiscal year 2017, the County had \$3,262,647 of debt outstanding subject to the debt service tax levy.

## **BUSINESS TYPE FUND HIGHLIGHTS**

- Fiscal year 2017 was the Boone County Landfill's 47th year of operation. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level which exceeds regulatory requirements.
- In 2016, the IDNR calculated the CIWMA planning area had landfilled 40.34% of the region's waste. There was only one Waste System in the state which exceeded this percent.

### **Landfill Operations Fund**

- Landfill Operations Fund revenue was \$4,036,620 a decrease of less than 1% compared to fiscal year 2016, due to the ARRP being closed less days in fiscal year 2017 resulting in a reduction in shutdown tonnage from Story County. Operating expenses increased 9.6% compared to fiscal year 2016
- Landfill operations revenue increased \$194,634 during fiscal year 2017 compared to fiscal year 2016, primarily due to an increase in construction demolition waste at a rate double our normal tonnage fee rate and increased tonnage in Boone and Greene County.

### **Keep Boone County Beautiful Sub-Account**

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

The Dragoon River Romp.

Adopt a County Road, City Street or favorite place.

Environmental education.

Keep Boone County Scenic pick up litter day.

### **Boone County Recycling Center Sub-Account**

This sub-account (within the Landfill Operations Fund) was started to manage expenses associated with the Boone County Recycling Center. The Landfill contracts with Genesis Development to operate the facility under the management of the Landfill administrator/recycling coordinator. Both the operating agreement and facility lease were renewed during fiscal year 2014.

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

### **Landfill Closure/Postclosure Sub-Account**

- The Landfill Closure/Postclosure sub-account has assets totaling \$3,681,138. The fund is now fully funded in accordance with IDNR requirements.
- No closure/postclosure costs were expended from this sub-account during fiscal year 2017.

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

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

Expenses for fiscal year 2017 include funding for:

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

## **BUDGETARY HIGHLIGHTS**

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

On May 31, 2017, the County Board of Supervisors amended the fiscal year 2017 budget for the following:

- Increased miscellaneous receipts and nonprogram disbursements by \$700,000 to pay contract inspection fees the County was required to provide by the Iowa Utilities Board for the Dakota Access pipe line installation.
- Disbursements in the public safety and legal services function were increased \$75,000: \$40,000 for additional costs of prosecution, \$35,000 to Sheriff to repair cars with insurance proceeds. Increased county environment and education function disbursements: \$50,000 to pay director and \$5,000 additional for a Community Attraction and Tourism grant for the Boone County Historical Society. Debt service was increased by \$2,547.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$16,518,046 were approximately \$1.9 million less than the amended budget. Receipts of \$17,135,019 were approximately \$230,000 more than the amended budget.

## **CAPITAL ASSETS**

Boone County's governmental and business type activities concluded fiscal year 2017 with \$48,650,876 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## **LONG-TERM DEBT**

In fiscal year 2004, Boone County issued general obligation bonds of \$4,835,000 for the purpose of refinancing the original jail project bonds. The County's bond rating for the refinancing issue is Aa3. The bond rating firm requires a higher ending fund balance than the County has determined is necessary to receive a higher bond rating. During fiscal year 2010, the County issued general obligation capital loan notes of \$3,190,000 for the purpose of refinancing the jail bonds. The final payment on these notes will be in fiscal year 2018.

In prior years, the County borrowed \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during fiscal year 2009. The balance due for the purchase of land for CIE is \$1,130,000 and is currently scheduled to be paid by June 30, 2029.

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

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

## **FACTORS BEARING ON THE FUTURE**

Boone County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2018 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 14,800 for calendar year 2017. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2017 was 3.0% versus 3.1% the year before. This compares with the State's unemployment rate of 3.8% for the same period ended June 30, 2017.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with .6% less property tax dollars compared to fiscal year 2017. The actual decrease from fiscal year 2017 to fiscal year 2018 is approximately \$50,000.

The above factors were all part of the considerations for the fiscal year 2018 budget, which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars.) The FY2018 budget lowered the county-wide dollars certified by \$50,000 compared to 2017.

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 5,349,699	5.1%
Mental Health Fund	593,873	(.6)
Rural Services Fund	2,001,228	0.0
Debt Service Fund	205,624	(59.7)
Total	<u>\$ 8,150,424</u>	<u>(.6)%</u>

Boone County attempted to maintain the current level of services as the fiscal year 2018 budget was developed. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2018 are as follows:

General Basic Levy	\$ 3.50000
General Supplemental Levy	0.51250
Mental Health Levy	0.44543
Debt Service Levy	0.14990
Rural Services Basic Levy	2.40896

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demand for county services. The County-wide taxable valuation for the fiscal year 2017 budget exceeds \$1 billion for the eighth time in County history.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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



## **Basic Financial Statements**

Boone County  
Statement of Net Position  
June 30, 2017

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 7,314,960	4,102,500	11,417,460
Cash and cash equivalents - restricted	-	4,041,764	4,041,764
Receivables:			
Property tax:			
Delinquent	31,354	-	31,354
Succeeding year	7,647,000	-	7,647,000
Succeeding year tax increment financing	271,000	-	271,000
Interest and penalty on property tax	173,065	-	173,065
Accounts	74,338	436,067	510,405
Accrued interest	16,952	10,430	27,382
Drainage assessments	180,058	-	180,058
Special assessments	5,400	-	5,400
Internal balances	(21,877)	21,877	-
Due from other governments	624,373	-	624,373
Inventories	1,293,856	-	1,293,856
Capital assets, net of accumulated depreciation	43,152,951	5,497,925	48,650,876
Assets in excess of net OPEB obligation	2,025	404	2,429
<b>Total assets</b>	<b>60,765,455</b>	<b>14,110,967</b>	<b>74,876,422</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,516,413	93,323	1,609,736
<b>Liabilities</b>			
Accounts payable	315,015	102,257	417,272
Accrued interest payable	29,197	-	29,197
Salaries and benefits payable	237,136	21,223	258,359
Due to other governments	51,181	44,506	95,687
Long-term liabilities:			
Portion due or payable within one year:			
General obligation notes	165,000	-	165,000
Urban renewal general obligation notes	110,000	-	110,000
Revenue capital loan note	-	251,207	251,207
Compensated absences	452,799	34,366	487,165
Portion due or payable after one year:			
General obligation notes	1,028,050	-	1,028,050
Urban renewal general obligation notes	1,959,597	-	1,959,597
Revenue capital loan note	-	571,093	571,093
Drainage district warrants	128,847	-	128,847
Net pension liability	4,605,648	295,836	4,901,484
Estimated liability for landfill closure and postclosure care	-	3,426,246	3,426,246
<b>Total liabilities</b>	<b>9,082,470</b>	<b>4,746,734</b>	<b>13,829,204</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	7,647,000	-	7,647,000
Unavailable tax increment financing	271,000	-	271,000
Pension related deferred inflows	333,440	21,220	354,660
<b>Total deferred inflows of resources</b>	<b>8,251,440</b>	<b>21,220</b>	<b>8,272,660</b>
<b>Net Position</b>			
Net investment in capital assets	41,959,901	4,675,625	46,635,526
Restricted for:			
Supplemental levy purposes	973,142	-	973,142
Mental health purposes	843,715	-	843,715
Rural services purposes	974,953	-	974,953
Secondary roads purposes	3,318,960	-	3,318,960
Law enforcement purposes	344,704	-	344,704
Landfill closure and postclosure care	-	265,322	265,322
Other purposes	663,572	387,245	1,050,817
Unrestricted	(4,130,989)	4,108,144	(22,845)
<b>Total net position</b>	<b>\$ 44,947,958</b>	<b>9,436,336</b>	<b>54,384,294</b>

See notes to financial statements.

Boone 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	Governmental Activities	Business	Total
						Type Activities	
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety and legal services	\$ 3,724,564	599,393	20,287	-	(3,104,884)	-	(3,104,884)
Physical health and social services	604,392	92,446	155,679	-	(356,267)	-	(356,267)
Mental health	735,956	-	-	-	(735,956)	-	(735,956)
County environment and education	1,843,121	1,089,316	52,727	-	(701,078)	-	(701,078)
Roads and transportation	6,947,499	257,461	4,143,416	1,997,134	(549,488)	-	(549,488)
Governmental services to residents	589,623	203,555	-	-	(386,068)	-	(386,068)
Administration	2,000,067	588,227	14,841	-	(1,396,999)	-	(1,396,999)
Non-program	524,937	180,058	-	-	(344,879)	-	(344,879)
Interest on long-term debt	229,165	-	-	-	(229,165)	-	(229,165)
Total governmental activities	17,199,324	3,010,456	4,386,950	1,997,134	(7,804,784)	-	(7,804,784)
Business type activities:							
Solid waste	2,735,362	4,111,872	-	-	-	1,376,510	1,376,510
Total	\$ 19,934,686	7,122,328	4,386,950	1,997,134	(7,804,784)	1,376,510	(6,428,274)
<b>General Revenues:</b>							
Property and other county tax levied for:							
General purposes					7,296,611	-	7,296,611
Debt service					479,183	-	479,183
Tax increment financing					236,010	-	236,010
Penalty and interest on property tax					90,928	-	90,928
State tax credits					560,991	-	560,991
Local option sales tax					1,008,214	-	1,008,214
Grants and contributions not restricted to specific purposes					66,620	-	66,620
Unrestricted investment earnings					93,591	25,178	118,769
Gain on disposition of capital assets					97,224	7,699	104,923
Miscellaneous					12,814	-	12,814
Total general revenues					9,942,186	32,877	9,975,063
Change in net position					2,137,402	1,409,387	3,546,789
Net position beginning of year					42,810,556	8,026,949	50,837,505
Net position end of year					\$ 44,947,958	9,436,336	54,384,294

See notes to financial statements.

Boone County  
Balance Sheet  
Governmental Funds

June 30, 2017

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 2,788,935	883,145	906,745	1,958,444
Receivables:				
Property tax:				
Delinquent	21,228	2,356	4,955	-
Succeeding year	5,020,000	557,000	1,877,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	173,065	-	-	-
Accounts	62,900	-	-	9,898
Accrued interest	16,250	-	-	-
Drainage assessments	-	-	-	-
Special assessments	5,400	-	-	-
Due from other funds	406	-	-	6,981
Due from other governments	73,912	4,841	109,978	434,902
Inventories	-	-	-	1,293,856
<b>Total assets</b>	<b>\$ 8,162,096</b>	<b>1,447,342</b>	<b>2,898,678</b>	<b>3,704,081</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 201,060	603	28,113	84,566
Salaries and benefits payable	123,262	9,718	12,547	91,609
Due to other funds	23,420	-	6,065	75
Due to other governments	49,135	-	-	2,046
Total liabilities	396,877	10,321	46,725	178,296
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	5,020,000	557,000	1,877,000	-
Succeeding year tax increment financing	-	-	-	-
Other	215,540	2,339	53,696	-
Total deferred inflows of resources	5,235,540	559,339	1,930,696	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	1,293,856
Restricted for:				
Supplemental levy purposes	629,030	-	-	-
Mental health purposes	-	877,682	-	-
Rural services purposes	-	-	921,257	-
Secondary roads purposes	-	-	-	2,231,929
Conservation land acquisition/ capital improvements	68,168	-	-	-
Debt service	-	-	-	-
Law enforcement purposes	223,903	-	-	-
Resource enhancement and protection	-	-	-	-
Other purposes	-	-	-	-
Unassigned	1,608,578	-	-	-
Total fund balances	2,529,679	877,682	921,257	3,525,785
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,162,096</b>	<b>1,447,342</b>	<b>2,898,678</b>	<b>3,704,081</b>

See notes to financial statements.

Debt Service	Nonmajor	Total
38,384	739,307	7,314,960
820	1,995	31,354
193,000	-	7,647,000
-	271,000	271,000
-	-	173,065
-	1,540	74,338
-	702	16,952
-	180,058	180,058
-	-	5,400
-	296	7,683
-	740	624,373
-	-	1,293,856
<u>232,204</u>	<u>1,195,638</u>	<u>17,640,039</u>
-	673	315,015
-	-	237,136
-	-	29,560
-	-	51,181
-	673	632,892
193,000	-	7,647,000
-	271,000	271,000
814	182,053	454,442
<u>193,814</u>	<u>453,053</u>	<u>8,372,442</u>
-	-	1,293,856
-	-	629,030
-	-	877,682
-	-	921,257
-	-	2,231,929
-	-	68,168
38,390	1,730	40,120
-	-	223,903
-	187,398	187,398
-	552,784	552,784
-	-	1,608,578
<u>38,390</u>	<u>741,912</u>	<u>8,634,705</u>
<u>232,204</u>	<u>1,195,638</u>	<u>17,640,039</u>

**Boone County**

Boone County

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

June 30, 2017

**Total governmental fund balances (page 27)** \$ 8,634,705

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$82,043,810 and the accumulated depreciation is \$38,890,859. 43,152,951

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. 454,442

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	\$ 1,516,413	
Deferred inflows of resources	<u>(333,440)</u>	1,182,973

Long-term liabilities, including notes payable, compensated absences payable, other postemployment benefits payable, drainage district warrants payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (8,477,113)

**Net position of governmental activities (page 24)** \$ 44,947,958

See notes to financial statements.

Boone County

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

Year ended June 30, 2017

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 4,814,499	564,842	1,917,457	-
Local option sales tax	252,108	-	756,323	-
Interest and penalty on property tax	70,752	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	835,981	75,553	122,538	4,651,235
Licenses and permits	19,350	-	-	24,940
Charges for service	1,131,460	-	66,267	-
Use of money and property	179,306	-	-	1,189
Miscellaneous	738,471	-	1,104	119,210
<b>Total revenues</b>	<b>8,041,927</b>	<b>640,395</b>	<b>2,863,689</b>	<b>4,796,574</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	3,478,093	-	270,773	-
Physical health and social services	603,739	-	-	-
Mental health	-	729,156	-	-
County environment and education	741,269	-	328,082	-
Roads and transportation	-	-	-	5,622,828
Governmental services to residents	634,794	-	2,119	-
Administration	1,859,993	-	-	-
Non-program	524,937	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	631,022
<b>Total expenditures</b>	<b>7,842,825</b>	<b>729,156</b>	<b>600,974</b>	<b>6,253,850</b>
Excess (deficiency) of revenues over (under) expenditures	199,102	(88,761)	2,262,715	(1,457,276)
<b>Other financing sources (uses):</b>				
Sale of capital assets	4,440	-	-	-
Transfers in	-	-	-	2,341,961
Transfers out	-	-	(2,341,961)	-
Drainage warrants issued	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,440</b>	<b>-</b>	<b>(2,341,961)</b>	<b>2,341,961</b>
Change in fund balances	203,542	(88,761)	(79,246)	884,685
Fund balances beginning of year	2,326,137	966,443	1,000,503	2,641,100
<b>Fund balances end of year</b>	<b>\$ 2,529,679</b>	<b>877,682</b>	<b>921,257</b>	<b>3,525,785</b>

See notes to financial statements.



<hr/>		
Debt		
Service	Nonmajor	Total
482,082	-	7,778,880
-	-	1,008,431
-	-	70,752
-	234,015	234,015
36,751	10,386	5,732,444
-	-	44,290
-	5,677	1,203,404
-	23,894	204,389
-	660,056	1,518,841
<hr/>	<hr/>	<hr/>
518,833	934,028	17,795,446
<hr/>		
-	39,948	3,788,814
-	-	603,739
-	-	729,156
-	300,673	1,370,024
-	-	5,622,828
-	2,740	639,653
-	-	1,859,993
-	-	524,937
746,453	370,482	1,116,935
-	-	631,022
<hr/>	<hr/>	<hr/>
746,453	713,843	16,887,101
<hr/>		
(227,620)	220,185	908,345
<hr/>		
-	-	4,440
233,000	-	2,574,961
-	(233,000)	(2,574,961)
-	148,132	148,132
<hr/>	<hr/>	<hr/>
233,000	(84,868)	152,572
<hr/>		
5,380	135,317	1,060,917
33,010	606,595	7,573,788
<hr/>	<hr/>	<hr/>
38,390	741,912	8,634,705

Boone County

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

Year ended June 30, 2017

**Change in fund balances - Total governmental funds (page 31)** \$ 1,060,917

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

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

Expenditures for capital assets	\$ 1,264,294	
Capital assets contributed by the Iowa Department of Transportation	1,608,387	
Depreciation expense	<u>(2,594,495)</u>	278,186

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. 97,224

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	(1,090)	
Other	<u>(142,581)</u>	(143,671)

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

Issued	(193,223)	
Repaid	<u>979,014</u>	785,791

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 583,369

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	(11,363)	
Other postemployment benefits	(1,550)	
Pension expense	(511,509)	
Interest on long-term debt	<u>8</u>	(524,414)

**Change in net position of governmental activities (page 25)** \$ 2,137,402

See notes to financial statements.

Boone County  
Statement of Net Position  
Proprietary Funds

June 30, 2017

	Enterprise		
	Landfill Operations	Nonmajor Ground Water Tax	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,102,500	-	4,102,500
Cash and cash equivalents - restricted	3,681,138	360,626	4,041,764
Receivables:			
Accounts	436,067	-	436,067
Accrued interest	10,430	-	10,430
Due from other funds	22,063	29,372	51,435
Capital assets, net of accumulated depreciation	5,497,925	-	5,497,925
Assets in excess of net OPEB obligation	404	-	404
<b>Total assets</b>	<b>13,750,527</b>	<b>389,998</b>	<b>14,140,525</b>
<b>Deferred Outflows of Resources:</b>			
Pension related deferred outflows	93,323		93,323
<b>Liabilities</b>			
Accounts payable	99,504	2,753	102,257
Salaries and benefits payable	21,223	-	21,223
Due to other funds	29,558	-	29,558
Due to other governments	44,506	-	44,506
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds	251,207	-	251,207
Compensated absences	34,366	-	34,366
Portion due or payable after one year:			
Revenue bonds	571,093	-	571,093
Net pension liability	295,836	-	295,836
Estimated liability for landfill closure and postclosure care	3,426,246	-	3,426,246
<b>Total liabilities</b>	<b>4,773,539</b>	<b>2,753</b>	<b>4,776,292</b>
<b>Deferred Inflows of Resources:</b>			
Pension related deferred inflows	21,220	-	21,220
<b>Net Position</b>			
Net investment in capital assets	4,675,625	-	4,675,625
Restricted for:			
Landfill closure and postclosure care	265,322	-	265,322
Ground water tax purposes	-	387,245	387,245
Unrestricted	4,108,144	-	4,108,144
<b>Total net position</b>	<b>\$ 9,049,091</b>	<b>387,245</b>	<b>9,436,336</b>

See notes to financial statements.

Boone County

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

Year ended June 30, 2017

	Enterprise		
	Nonmajor		Total
	Landfill Operations	Ground Water Tax	
Operating revenues:			
Charges for service	\$ 3,597,855	108,129	3,705,984
Per capita fees	174,996	-	174,996
Solid waste fees	223,019	-	223,019
Miscellaneous	7,873	-	7,873
Total operating revenues	4,003,743	108,129	4,111,872
Operating expenses:			
Salaries and wages	476,581	-	476,581
Payroll tax	75,016	-	75,016
Fringe benefits	140,989	-	140,989
Fuel	89,616	-	89,616
Travel	6,849	-	6,849
Utilities	17,326	-	17,326
Insurance	27,041	-	27,041
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	270,323	-	270,323
Education and training	41,471	-	41,471
Engineering	31,599	-	31,599
Maintenance and repair Operations	298,686	-	298,686
Depreciation	276,386	-	276,386
Dues and membership	518,010	-	518,010
Accounting	2,235	-	2,235
Recycling center operations	39,918	-	39,918
Gravel	110,840	51,748	162,588
Leachate hauling and treatment	84,101	-	84,101
Adjustment to estimated liability for landfill closure and postclosure care	43,250	-	43,250
	114,051	-	114,051
Total operating expenses	2,664,288	51,748	2,716,036
Operating income	1,339,455	56,381	1,395,836
Non-operating revenues (expenses):			
Gain on sale of capital assets	7,699	-	7,699
Interest expense	(19,326)	-	(19,326)
Interest income	25,178	-	25,178
Net non-operating revenues	13,551	-	13,551
Change in net position	1,353,006	56,381	1,409,387
Net position beginning of year	7,696,085	330,864	8,026,949
Net position end of year	\$ 9,049,091	387,245	9,436,336

See notes to financial statements.

Boone County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2017

	Enterprise		
	Landfill Operations	Nonmajor Ground	
		Water Tax	Total
Cash flows from operating activities:			
Cash received from gate fees	\$ 3,888,794	-	3,888,794
Cash received from per capita fee assessments	174,996	-	174,996
Cash received from other operating receipts	7,873	107,674	115,547
Cash paid to suppliers for goods and services	(1,277,605)	(50,624)	(1,328,229)
Cash paid to employees for services	(664,903)	-	(664,903)
Net cash provided by operating activities	<u>2,129,155</u>	<u>57,050</u>	<u>2,186,205</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(854,694)	-	(854,694)
Repayment of capital revenue loan note	(246,236)	-	(246,236)
Interest paid	(19,326)	-	(19,326)
Net cash used by capital and related financing activities	<u>(1,120,256)</u>	<u>-</u>	<u>(874,020)</u>
Cash flows from investing activities:			
Interest received on investments	25,048	-	25,048
Net increase(decrease) in cash and cash equivalents	1,033,947	57,050	1,337,233
Cash and cash equivalents beginning of year	6,749,691	303,576	7,053,267
Cash and cash equivalents end of year	<u>\$ 7,783,638</u>	<u>360,626</u>	<u>8,144,264</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 1,339,455	56,381	1,395,836
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	518,010	-	518,010
Closure and postclosure care	157,037	-	157,037
Changes in assets and liabilities:			
Decrease in accounts receivable	76,081	-	76,081
Increase in deferred outflows of resources	(30,458)	-	(30,458)
Increase in due from other funds	(8,161)	(455)	(8,616)
Increase in accounts payable	18,592	1,124	19,716
Increase in salaries payable	5,252	-	5,252
Decrease in deferred inflows of resources	(10,219)	-	(10,219)
Increase in due to other funds	26	-	26
Increase in due to other governments	432	-	432
Increase in net pension obligation	52,217	-	52,217
Increase in net OPEB liability	356	-	356
Increase in compensated absences	10,535	-	10,535
Total adjustments	<u>789,700</u>	<u>669</u>	<u>790,369</u>
Net cash provided by operating activities	<u>\$ 2,129,155</u>	<u>57,050</u>	<u>2,186,205</u>

See notes to financial statements.

Boone County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2017

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,691,969
Other County officials	48,867

Receivables:

Property tax:	
Delinquent	145,525
Succeeding year	31,832,000
Accounts	5,436
Special assessments	136,805

**Total assets**34,860,602**Liabilities**

Accounts payable	12,441
Salaries and benefits payable	19,910
Due to other governments	33,896,873
Trusts payable	874,967
Compensated absences	56,411

**Total liabilities**34,860,602**Net position**\$ -

See notes to financial statements.

Boone County

Notes to Financial Statements

June 30, 2017

**(1) Summary of Significant Accounting Policies**

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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



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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected.

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the County as assets with initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	50,000
Equipment and vehicles	5,000

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Enterprise, Landfill Operations Fund is designated for operating costs of the Landfill.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the non-program current and debt service functions prior to the approval of an amendment by the Board of Supervisors and disbursements in certain departments exceeded the amounts appropriated prior to the approval of an appropriation amendment by the Board of Supervisors.

**(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.

At June 30, 2017, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$178,748 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Rural Services	\$ 145
	Secondary Roads	75
	Enterprise:	
	Landfill Operations	186
		<u>406</u>
Special Revenue:		
Secondary Roads	General	1,061
	Special Revenue:	
	Rural Services	5,920
		<u>6,981</u>
County Recorder's Records Management	General	296
Enterprise:		
Landfill Operations	General	22,063
Ground Water Tax	Enterprise:	
	Landfill Operations	29,372
Total		<u>\$ 59,118</u>

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

**(4) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	Special Revenue:	
	Rural Services	\$ 2,341,961
Debt Service	Special Revenue:	
	County TIF Project	233,000
Total		<u>\$ 2,574,961</u>

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

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,961,227	-	-	1,961,227
Construction in progress	825,139	2,392,000	(1,935,908)	1,281,231
Total capital assets not being depreciated	2,786,366	2,392,000	(1,935,908)	3,242,458
Capital assets being depreciated:				
Buildings	6,195,289	-	-	6,195,289
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	11,015,797	594,081	(345,572)	11,264,306
Infrastructure, other	9,459,016	-	-	9,459,016
Infrastructure, road network	49,695,119	1,935,908	-	51,631,027
Total capital assets being depreciated	76,616,935	2,529,989	(345,572)	78,801,352
Less accumulated depreciation for:				
Buildings	2,372,050	149,106	-	2,521,156
Improvements other than buildings	87,045	6,293	-	93,338
Equipment and vehicles	9,603,797	685,271	(329,396)	9,959,672
Infrastructure, other	2,158,404	416,648	-	2,575,052
Infrastructure, road network	22,404,464	1,337,177	-	23,741,641
Total accumulated depreciation	36,625,760	2,594,495	(329,396)	38,890,859
Total capital assets being depreciated, net	39,991,175	(64,506)	(16,176)	39,910,493
Governmental activities capital assets, net	\$ 42,777,541	2,327,494	(1,952,084)	43,152,951
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 547,499	-	-	547,499
Construction in progress	86,784	2,614	(89,398)	-
Total capital assets not being depreciated	634,283	2,614	(89,398)	547,499
Capital assets being depreciated:				
Buildings	443,091	749,342	-	1,192,433
Improvements other than buildings	-	28,290	-	28,290
Equipment and vehicles	4,416,078	182,873	(103,108)	4,495,843
Infrastructure	4,018,304	-	-	4,018,304
Total capital assets being depreciated	8,877,473	960,505	(103,108)	9,734,870
Less accumulated depreciation for:				
Buildings	205,987	29,811	-	235,798
Improvements other than buildings	-	1,886	-	1,886
Equipment and vehicles	3,070,327	287,992	(91,780)	3,266,539
Infrastructure	1,081,900	198,321	-	1,280,221
Total accumulated depreciation	4,358,214	518,010	(91,780)	4,784,444
Total capital assets being depreciated, net	4,519,259	442,495	(11,328)	4,950,426
Business type activities capital assets, net	\$ 5,153,542	445,109	(100,726)	5,497,925

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 92,970
County environment and education	479,315
Roads and transportation	1,840,013
Administration	182,197
Total depreciation expense - governmental activities	\$ 2,594,495
Business type activities:	
Landfill operations	\$ 518,010



**(6) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 49,135
Special Revenue:		
Secondary Roads	Services	2,046
Total for governmental funds		<u>\$ 51,181</u>
Agency:		
County Offices	Collections	\$ 27,091
Agricultural Extension Education		227,828
County Assessor		882,265
Schools		20,050,545
Community Colleges		862,130
Corporations		8,192,824
Townships		428,695
Auto License and Use Tax		784,065
Special Assessments		184,162
County Hospital		1,905,927
E-911		347,038
All other		4,303
Total for agency funds		<u>\$ 33,896,873</u>

**(7) Long-Term Liabilities**

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

	Governmental Activities						(Asset in Excess of) Net OPEB Liability	Total
	General Obligation Capital Loan Notes	Urban Renewal General Obligation Capital Loan Notes	Capital Lease Purchase Agreement	Drainage District Warrants	Compensated Absences	Net Pension Liability		
Balance beginning of year	\$ 1,623,711	2,168,845	46,161	338,568	441,436	3,610,518	(3,575)	8,225,664
Increases	44,339	752	-	148,132	356,135	995,130	31,117	1,575,605
Decreases	475,000	100,000	46,161	357,853	344,772	-	29,567	1,353,353
Balance end of year	\$ 1,193,050	2,069,597	-	128,847	452,799	4,605,648	(2,025)	8,447,916
Due within one year	\$ 165,000	110,000	-	-	452,799	-	-	727,799

	Business Type Activities					(Assets in Excess of) Net OPEB Obligation	Total
	Landfill Revenue Capital Loan Notes	Compensated Absences	Closure and Postclosure Care	Net Pension Liability	Net OPEB		
Balance beginning of year	\$ 1,068,536	23,831	3,269,209	243,619	(760)	4,604,435	
Increases	-	30,455	157,037	52,217	6,237	245,946	
Decreases	246,236	19,920	-	-	5,881	272,037	
Balance end of year	\$ 822,300	34,366	3,426,246	295,836	(404)	4,578,344	
Due within one year	\$ 251,207	34,366	-	-	-	285,573	

Governmental activities:

General Obligation Capital Loan Notes

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

Year Ending June 30,	Series 2010			Series 2009A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	3.00%	\$ 100,000	3,000	5.25%	\$ 65,000	68,062
2019		-	-	5.50	65,000	64,650
2020		-	-	5.60	70,000	61,075
2021		-	-	5.70	75,000	57,155
2022		-	-	5.80	85,000	52,880
2023-2027		-	-	5.90-6.30	510,000	182,390
2028-2029		-	-	6.40-6.50	260,000	25,550
Total		<u>\$ 100,000</u>	<u>3,000</u>		<u>\$ 1,130,000</u>	<u>511,762</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2018	\$ 165,000	71,062	236,062
2019	65,000	64,650	129,650
2020	70,000	61,075	131,075
2021	75,000	57,155	132,155
2022	85,000	52,880	137,880
2023-2027	510,000	182,390	692,390
2028-2029	260,000	25,550	285,550
Total	<u>\$ 1,230,000</u>	<u>514,762</u>	<u>1,744,762</u>

\* The Series 2010 notes had unamortized discount totaling \$36,950 at June 30, 2017.

During the year ended June 30, 2017, the County retired \$475,000 of general obligation capital loan notes.

Urban Renewal General Obligation Capital Loan Notes

On September 7, 2011, the County issued \$2,465,000 of urban renewal general obligation capital loan notes, Series 2011 dated September 1, 2011 for the purpose of retiring the outstanding balance of \$1,046,891 of the general obligation capital loan anticipation project notes, Series 2009B dated April 1, 2009 and to guarantee the principal and interest payments of a Central Iowa Expo loan with Vision Bank (formerly Community Bank of Boone) through June 2014. As of June 30, 2017, the County has remitted \$2,492,846 to Vision Bank on behalf of Central Iowa Expo, Inc. The County does not anticipate Central Iowa Expo will be able to repay the loan and, therefore, a loan receivable has not been established. The notes bear interest at rates ranging from 1.25% to 4.80% per annum with final maturity on May 1, 2031.

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

Year Ending June 30,	Series 2011			
	Interest Rates	Principal	Interest	Total
2018	2.20%	\$ 110,000	82,885	192,885
2019	2.60	110,000	80,465	190,465
2020	3.00	120,000	77,605	197,605
2021	3.25	120,000	74,005	194,005
2022	3.50	130,000	70,105	200,105
2023-2027	3.75-4.40	740,000	272,145	1,012,145
2028-2031	4.50-4.80	750,000	91,065	841,065
Total		\$ 2,080,000 *	748,275	2,828,275

\*The Series 2011 notes had unamortized discount totaling \$10,403 at June 30, 2017.

#### Drainage District Warrants Payable

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

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

Business type activities:

#### Landfill Revenue Capital Loan Notes

In September, 2015, the County pledged future landfill customer receipts, net of specified operating disbursement, to repay \$1,250,000 of landfill revenue capital loan notes. Proceeds from the notes provided financing for refunding the April, 2012 capital lease purchase agreement and to pay a portion of the costs of improving, extending and equipping the landfill enterprise, including acquisition of a compactor. The notes are payable solely and only from net earnings of the landfill enterprise and are payable through 2021. Annual principal and interest payments on the notes are expected to require less than 11% of net receipts. The total principal and interest remaining to be paid on the notes is \$849,618. For the current year, principal and interest paid and total customer net receipts (operating gain adding back depreciation) were \$265,562 and \$1,857,465, respectively.

A summary of the County's June 30, 2017 landfill revenue capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2015			
	Interest Rates	Principal	Interest	Total
2018	2.00%	251,207	14,156	265,363
2019	2.00	256,277	9,085	265,362
2020	2.00	261,442	3,920	265,362
2021	2.00	53,374	157	53,531
Total		\$ 822,300	27,318	849,618

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

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

**(8) 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](http://www.ipers.org).

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

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

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

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

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for for than 22 years of service greater 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 \$624,918.

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 \$4,901,484 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 0.077884%, which was a decrease of 0.002644% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$564,598. 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	\$ 40,782	94,939
Changes of assumptions	70,401	17,015
Net difference between projected and actual earnings on pension plan investments	870,109	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	3,526	242,706
County contributions subsequent to the measurement date	624,918	-
Total	<u>\$ 1,609,736</u>	<u>354,660</u>

\$624,918 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	\$ 20,673
2019	20,673
2020	386,724
2021	217,047
2022	(14,959)
Total	<u>\$ 630,158</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	<u>100%</u>	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 8,568,916	4,901,484	1,808,716

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](http://www.ipers.org).

Payables to IPERS – At June 30, 2017, the County reported payables to IPERS of \$23,454 for legally required County contributions and \$16,564 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(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 119 active and 7 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 37,800
Interest on net OPEB obligation	(200)
Adjustment to annual required contributions	<u>(246)</u>
Annual OPEB cost	37,354
Contribution made	<u>(35,448)</u>
Decrease in net OPEB obligation	1,906
(Assets in excess of) net OPEB obligation beginning of year	<u>(4,335)</u>
(Assets in excess of) net OPEB obligation end of year	<u>\$ (2,429)</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 \$35,448 to the medical plan. Plan members eligible for benefits contributed \$70,895, or 66% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(Assets in Excess of) Net OPEB Obligation
2015	\$ 37,000	106.4%	\$ (9,720)
2016	36,800	85.4	(4,335)
2017	37,354	94.9	(2,429)

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 approximately \$403,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$403,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,074,000 and the ratio of UAAL to covered payroll was 5.7%. 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 unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return rate based on the County's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 5%. An inflation rate of 3% is assumed for the purpose of this computation.

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

Projected claim costs of the medical plan are \$766 per month for retirees less than age 65 and \$1,722 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9. The projected claim costs are \$745 per month and \$1,675 per month for family under plan 10, \$657 per month and \$1,477 per month for family under plan 11B, and \$726 per month and \$1,633 per month for family under plan 13. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(10) Operating Lease Agreement**

The County renewed a lease for space for the Boone County Recycling Center during the year ended June 30, 2015. On November 26, 2016 the County gave the required 180 days notice to terminate the lease. The final day of the lease was May 30, 2017.

Rental expense for the year ended June 30, 2017 for this operating lease totaled \$44,000.

**(11) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 753 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2017 were \$120,605.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

**(12) Loans to County Community Service Case Management Fund**

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 with another \$15,000 in October 2006 for necessary cash flow. During the year ended June 30, 2017, the Boone County loan was repaid.

**(13) Closure and Postclosure Care**

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

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

These costs for the Landfill have been estimated at \$3,051,600 for closure and \$1,656,000 for postclosure care, for a total of \$4,707,600 as of June 30, 2017 for the original and expansion areas combined. The portion of the liability that has been recognized is \$3,426,246. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2017. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 10 years for the expansion area and the capacity used at June 30, 2017 is 65%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2017, assets of \$3,691,568 are restricted for these purposes, of which \$2,268,158 is for closure and \$1,423,410 is for postclosure care.

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

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

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

**(14) Solid Waste Tonnage Fees Retained**

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

As of June 30, 2017, net position of \$387,245 has been retained by the County and is restricted for the required purposes.

**(15) 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:

<b>Entity</b>	<b>Tax Abatement Program</b>	<b>Amount of Tax Abated</b>
City of Boone	Urban renewal and economic development projects	\$ 29,030
City of Madrid	Urban renewal and economic development projects	\$ 1,328

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

Central Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County, Warren County and Boone County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2017, as follows:

Revenues:		
Property and other county tax		\$ 564,842
Intergovernmental:		
State tax credits	\$ 43,220	
MH-DD reimbursement from other governments	32,333	75,553
Total revenues		<u>640,395</u>
Expenditures:		
Services to persons with:		
Mental illness		197,235
General administration:		
Direct administration		<u>531,921</u>
Total expenditures		<u>729,156</u>
Excess of expenditures over revenues		(88,761)
Fund balance beginning of year		<u>966,443</u>
Fund balance end of year		<u>\$ 877,682</u>

**(17) Subsequent Event**

In October 2017 the County issued \$3,296,000 in general obligation refunding capital loan notes, series 2017. The proceeds shall be used to pay the costs of refunding outstanding general obligation indebtedness of the County, including the taxable general obligation capital loan notes, series 2009A, dated May 1, 2009, and the taxable urban renewal general obligation capital loan notes, series 2011, dated September 1, 2011.

**(18) 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.

**(19) 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.

**Boone County**

**Required Supplementary Information**

Boone County

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

Required Supplementary Information

Year ended June 30, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 9,069,951	-	9,069,951
Penalty and interest on property tax	76,462	-	76,462
Intergovernmental	5,603,556	-	5,603,556
Licenses and permits	45,380	-	45,380
Charges for service	1,353,660	-	1,353,660
Use of money and property	175,472	53	175,419
Miscellaneous	1,447,468	636,877	810,591
Total receipts	<u>17,771,949</u>	<u>636,930</u>	<u>17,135,019</u>
Disbursements:			
Public safety and legal services	3,810,725	-	3,810,725
Physical health and social services	587,569	-	587,569
Mental health	725,461	-	725,461
County environment and education	1,378,606	294,111	1,084,495
Roads and transportation	5,986,320	-	5,986,320
Governmental services to residents	591,323	-	591,323
Administration	1,812,330	-	1,812,330
Non-program	505,693	-	505,693
Debt service	1,116,935	370,482	746,453
Capital projects	667,677	-	667,677
Total disbursements	<u>17,182,639</u>	<u>664,593</u>	<u>16,518,046</u>
Excess (deficiency) of receipts over (under) disbursements	589,310	(27,663)	616,973
Other financing sources, net	<u>285,201</u>	<u>148,132</u>	<u>137,069</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	874,511	120,469	754,042
Balance beginning of year	<u>6,440,449</u>	<u>295,646</u>	<u>6,144,803</u>
Balance end of year	<u>\$ 7,314,960</u>	<u>416,115</u>	<u>6,898,845</u>

See accompanying independent auditor's report.



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Budgeted Amounts		Final to
Original	Final	Net
		Variance
8,984,429	8,984,429	85,522
65,000	65,000	11,462
5,472,333	5,472,333	131,223
17,100	17,100	28,280
1,012,020	1,012,020	341,640
97,610	97,610	77,809
556,675	1,256,675	(446,084)
16,205,167	16,905,167	229,852
3,810,817	3,885,817	75,092
721,829	721,829	134,260
845,525	845,525	120,064
1,157,101	1,212,101	127,606
6,514,400	6,514,400	528,080
694,848	694,848	103,525
2,075,044	2,075,044	262,714
-	700,000	194,307
743,953	746,500	47
1,023,520	1,023,520	355,843
17,587,037	18,419,584	1,901,538
(1,381,870)	(1,514,417)	2,131,390
10,000	135,000	2,069
(1,371,870)	(1,379,417)	2,133,459
4,727,118	6,018,424	126,379
3,355,248	4,639,007	2,259,838

**Boone County**

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Boone County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 17,771,949	23,497	17,795,446
Expenditures	17,182,639	(295,538)	16,887,101
Net	589,310	319,035	908,345
Other financing sources, net	285,201	(132,629)	152,572
Beginning fund balances	6,440,449	1,133,339	7,573,788
Ending fund balances	\$ 7,314,960	1,319,745	8,634,705

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$832,547. The budget amendment is reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the non-program current and debt service functions prior to the approval of an amendment by the Board of Supervisors and disbursements in certain departments exceeded the amounts appropriated prior to the approval of an appropriation amendment by the Board of Supervisors.

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Boone 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	0.077884%	0.080528%	0.077477%
County's proportionate share of the net pension liability	\$ 4,901	3,854	3,073
County's covered-employee payroll	\$ 6,475	6,317	6,428
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.69%	61.01%	47.80%
Plan fiduciary 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.

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Boone County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 625	591	576	586
Contributions in relation to the statutorily required contribution	<u>(625)</u>	<u>(591)</u>	<u>(576)</u>	<u>(586)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 6,885	6,475	6,317	6,428
Contributions as a percentage of covered-employee payroll	9.08%	9.13%	9.12%	9.12%

See accompanying independent auditor's report.

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2013	2012	2011	2010	2009	2008
564	524	469	434	395	375
(564)	(524)	(469)	(434)	(395)	(375)
-	-	-	-	-	-
6,353	6,277	6,366	6,260	5,956	5,875
8.88%	8.35%	7.37%	6.93%	6.63%	6.38%

Boone 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.



Boone County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	-	\$ 74	74	0.00%	\$ 5,226	1.40%
2010	Jul 1, 2008	-	74	74	0.00	6,273	1.20
2011	Jul 1, 2008	-	74	74	0.00	6,595	1.10
2012	Jul 1, 2011	-	76	76	0.00	6,405	1.20
2013	Jul 1, 2011	-	76	76	0.00	6,505	1.20
2014	Jul 1, 2011	-	76	76	0.00	6,576	1.10
2015	Jul 1, 2014	-	403	403	0.00	6,659	6.10
2016	Jul 1, 2014	-	403	403	0.00	6,715	6.00
2017	Jul 1, 2014	-	403	403	0.00	7,074	5.70

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.

**Boone County**

## **Supplementary Information**

Boone County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2017

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Task Force
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 59,528	340,792	186,696	11,196
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	702	-
Drainage assessments	-	180,058	-	-
Due from other funds	296	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 59,824</b>	<b>520,850</b>	<b>187,398</b>	<b>11,196</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	35
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Other	-	180,058	-	-
Total deferred inflows of resources	-	180,058	-	-
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Resource enhancement and protection	-	-	187,398	-
Other purposes	59,824	340,792	-	11,161
Total fund balances	59,824	340,792	187,398	11,161
<b>Total liabilities, deferred inflows of resources     and fund balances</b>	<b>\$ 59,824</b>	<b>520,850</b>	<b>187,398</b>	<b>11,161</b>

See accompanying independent auditor's report.

Revenue							
Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation		Total
52,005	3,973	2,354	5,710	1,730	75,323		739,307
-	-	-	-	1,995	-		1,995
-	-	-	-	271,000	-		271,000
-	-	1,540	-	-	-		1,540
-	-	-	-	-	-		702
-	-	-	-	-	-		180,058
-	-	-	-	-	-		296
740	-	-	-	-	-		740
52,745	3,973	3,894	5,710	274,725	75,323		1,195,638
-	-	638	-	-	-		673
-	-	-	-	271,000	-		271,000
-	-	-	-	1,995	-		182,053
-	-	-	-	272,995	-		453,053
-	-	-	-	1,730	-		1,730
-	-	-	-	-	-		187,398
52,745	3,973	3,256	5,710	-	75,323		552,784
52,745	3,973	3,256	5,710	1,730	75,323		741,912
52,745	3,973	3,256	5,710	274,725	75,323		1,195,638

Boone County

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

Year ended June 30, 2017

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Task Force
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	9,711	75
Charges for service	5,677	-	-	-
Use of money and property	296	-	1,000	-
Miscellaneous	-	594,722	-	1,653
Total revenues	5,973	594,722	10,711	1,728
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	13,255
County environment and education	-	264,456	6,562	-
Governmental services to residents	2,740	-	-	-
Debt Service	-	370,482	-	-
Total expenditures	2,740	634,938	6,562	13,255
Excess (deficiency) of revenues over (under) expenditures	3,233	(40,216)	4,149	(11,527)
Other financing uses:				
Transfers out	-	-	-	-
Drainage warrants issued	-	148,132	-	-
Total other financing sources (uses)	-	148,132	-	-
Changes in fund balance	3,233	107,916	4,149	(11,527)
Fund balances beginning of year	56,591	232,876	183,249	22,688
Fund balances end of year	\$ 59,824	340,792	187,398	11,161

See accompanying independent auditor's report.

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Revenue

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Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation	Total
-	-	-		234,015	-	234,015
-	600	-	-	-	-	10,386
-	-	-	-	-	-	5,677
-	-	22,545	-	-	53	23,894
17,131	-	-	4,395	-	42,155	660,056
17,131	600	22,545	4,395	234,015	42,208	934,028
854	125	22,338	3,376	-	-	39,948
-	-	-	-	-	29,655	300,673
-	-	-	-	-	-	2,740
-	-	-	-	-	-	370,482
854	125	22,338	3,376	-	29,655	713,843
16,277	475	207	1,019	234,015	12,553	220,185
-	-	-	-	(233,000)	-	(233,000)
-	-	-	-	-	-	148,132
-	-	-	-	(233,000)	-	(84,868)
16,277	475	207	1,019	1,015	12,553	135,317
36,468	3,498	3,049	4,691	715	62,770	606,595
52,745	3,973	3,256	5,710	1,730	75,323	741,912

Boone County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	1,876	367,980	165,917	7,561
Other County officials	48,867	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	952	2,441	75,628	3,569
Succeeding year	-	225,000	577,000	19,809,000	851,000
Accounts	663	-	-	-	-
Special assessments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 49,530</b>	<b>227,828</b>	<b>947,421</b>	<b>20,050,545</b>	<b>862,130</b>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ -	-	429	-	-
Salaries and benefits payable	-	-	15,097	-	-
Due to other governments	27,091	227,828	882,265	20,050,545	862,130
Trusts payable	22,439	-	-	-	-
Compensated absences	-	-	49,630	-	-
<b>Total liabilities</b>	<b>\$ 49,530</b>	<b>227,828</b>	<b>947,421</b>	<b>20,050,545</b>	<b>862,130</b>

See accompanying independent auditor's report.



Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E-911	Other	Total
79,256	3,309	784,065	47,357	14,963	418,816	800,869	2,691,969
-	-	-	-	-	-	-	48,867
53,568	1,386	-	-	7,964	-	17	145,525
8,060,000	424,000	-	-	1,883,000	-	3,000	31,832,000
-	-	-	-	-	2,061	2,712	5,436
-	-	-	136,805	-	-	-	136,805
<b>8,192,824</b>	<b>428,695</b>	<b>784,065</b>	<b>184,162</b>	<b>1,905,927</b>	<b>420,877</b>	<b>806,598</b>	<b>34,860,602</b>
-	-	-	-	-	3,795	8,217	12,441
-	-	-	-	-	-	4,813	19,910
8,192,824	428,695	784,065	184,162	1,905,927	347,038	4,303	33,896,873
-	-	-	-	-	70,044	782,484	874,967
-	-	-	-	-	-	6,781	56,411
<b>8,192,824</b>	<b>428,695</b>	<b>784,065</b>	<b>184,162</b>	<b>1,905,927</b>	<b>420,877</b>	<b>806,598</b>	<b>34,860,602</b>

Boone 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
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 59,219	219,319	906,613	18,836,504	886,667
Additions:					
Property and other county tax	-	227,414	581,263	19,875,570	857,043
E-911 surcharge	-	-	-	-	-
State tax credits	-	16,713	43,409	1,452,492	67,107
Office fees and collections	758,924	-	631	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	358,214	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,117,138	244,127	625,303	21,328,062	924,150
Deductions:					
Agency remittances:					
To other funds	483,068	-	-	-	-
To other governments	280,577	235,618	584,495	20,114,021	948,687
Trusts paid out	363,182	-	-	-	-
Total deductions	1,126,827	235,618	584,495	20,114,021	948,687
Balances end of year	\$ 49,530	227,828	947,421	20,050,545	862,130

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E-911	Other	Total
7,922,041	415,900	809,370	226,562	1,756,205	411,627	784,134	33,234,161
7,916,611	434,528	-	-	1,896,229	-	3,971	31,792,629
-	-	-	-	-	158,259	-	158,259
794,938	26,141	-	-	133,338	-	304	2,534,442
-	-	-	-	-	-	-	759,555
-	-	8,821,033	-	-	-	-	8,821,033
-	-	-	117,628	-	-	-	117,628
-	-	-	-	-	-	627,835	986,049
-	-	-	-	-	367	2,529,837	2,530,204
8,711,549	460,669	8,821,033	117,628	2,029,567	158,626	3,161,947	47,699,799
-	-	325,249	-	-	-	-	808,317
8,440,766	447,874	8,521,089	-	-	-	46,496	39,619,623
-	-	-	160,028	1,879,845	149,376	3,092,987	5,645,418
8,440,766	447,874	8,846,338	160,028	1,879,845	149,376	3,139,483	46,073,358
8,192,824	428,695	784,065	184,162	1,905,927	420,877	806,598	34,860,602

Boone County

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

For the Last Ten Years

	<u>Modified</u>			
	2017	2016	2015	2014
<b>Revenues:</b>				
Property and other county tax	\$ 8,012,895	7,787,551	7,778,128	7,915,039
Local option sales tax	1,008,431	972,004	974,573	970,619
Interest and penalty on property tax	70,752	85,450	66,228	77,429
Intergovernmental	5,732,444	5,437,561	5,443,756	5,393,112
Licenses and permits	44,290	51,888	22,100	23,380
Charges for service	1,203,404	1,059,794	1,044,379	938,516
Use of money and property	204,389	138,988	119,902	129,063
Miscellaneous	1,518,841	566,765	270,065	743,661
Total	<u>\$ 17,795,446</u>	<u>16,100,001</u>	<u>15,719,131</u>	<u>16,190,819</u>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 3,788,814	3,491,581	3,374,960	3,375,919
Physical health and social services	603,739	592,941	606,356	640,190
Mental health	729,156	345,312	1,119,800	1,051,851
County environment and education	1,370,024	1,568,135	1,050,065	1,574,160
Roads and transportation	5,622,828	6,054,439	5,315,238	5,728,977
Governmental services to residents	639,653	519,788	727,542	534,462
Administration	1,859,993	1,755,455	1,693,871	1,779,060
Non-program	524,937	52,369	-	-
Debt service	1,116,935	740,166	742,003	736,588
Capital projects	631,022	811,892	377,113	1,625,251
Total	<u>\$ 16,887,101</u>	<u>15,932,078</u>	<u>15,006,948</u>	<u>17,046,458</u>

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
7,822,090	7,624,140	7,362,020	6,833,940	6,482,896	6,145,257
834,332	870,967	813,991	770,944	824,876	828,151
68,784	68,321	78,801	97,131	85,812	93,048
6,742,555	7,383,576	6,752,826	6,721,779	6,350,624	6,196,573
18,990	19,645	17,730	15,170	17,324	18,631
1,044,869	914,070	947,402	946,631	951,013	932,813
140,691	208,399	148,592	180,428	237,426	276,241
334,528	400,336	387,811	348,081	302,259	231,978
17,006,839	17,489,454	16,509,173	15,914,104	15,252,230	14,722,692
3,133,722	2,991,532	3,050,832	2,818,638	2,753,574	2,685,812
617,137	630,996	740,042	790,647	708,696	639,097
1,299,546	3,238,850	2,455,192	2,200,563	2,510,866	2,986,700
1,509,043	2,068,863	2,278,691	1,551,519	945,822	926,932
4,997,451	5,298,333	5,254,482	5,514,468	4,767,579	4,831,699
561,908	541,174	554,193	549,998	594,094	497,320
1,582,486	1,560,273	1,663,071	1,713,577	1,797,854	1,591,002
-	-	-	-	-	-
697,402	1,716,334	642,994	3,816,125	2,101,810	610,659
2,468,315	700,074	311,292	1,294,297	234,620	653,859
16,867,010	18,746,429	16,950,789	20,249,832	16,414,915	15,423,080

**Boone County**



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 242-6134

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

To the Officials of Boone County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 7, 2018.

Internal Control Over Financial Reporting

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

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

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

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

### Compliance and Other Matters

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

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


### Boone County's Responses to the Findings

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

### Purpose of this Report

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

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

  
MARY MOSIMAN, CPA  
Auditor of State

March 7, 2018



Boone County  
 Schedule of Findings  
 Year ended June 30, 2017

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

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

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

	Applicable Offices
(1) Receipts – collecting, depositing, posting and daily reconciling.	County Recorder, County Sheriff
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Treasurer
(3) Disbursements – approval of disbursements and signing of the checks.	County Recorder
(4) Bank reconciliations are not reviewed periodically by an independent person for propriety.	County Sheriff

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

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

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

Boone County  
Schedule of Findings  
Year ended June 30, 2017

Responses –

County Recorder – We continue to work toward segregation of duties to the extent possible with the limited number of staff members in the office.

County Treasurer – With limited staff I will continue to segregate duties as much as possible.

County Sheriff – Due to limited personnel in the office (2), it is hard to completely separate all duties. Currently, procedures are in place to separate as much as possible. Sheriff will now be a 3<sup>rd</sup> individual to review bank reconciliations as the independent person who does not have access to the accounting programs.

Conclusions – Responses accepted.

(B) County Treasurer Monthly Bank Reconciliations

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

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

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

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

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

Response – I will work toward putting a procedure in place that compares all our bank reconciliations and balances to the Treasurer’s book balance.

Conclusion – Response accepted.

(C) County Recorder Monthly Bank Reconciliations

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

Condition – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2017 was not investigated and resolved.

Boone County

Schedule of Findings

Year ended June 30, 2017

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

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

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

Response – We continue to work to identify reconciling items in order to resolve variances between book and bank balances.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Boone County

Schedule of Findings

Year ended June 30, 2017

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the non-program current and debt service functions prior to the approval of an amendment by the Board of Supervisors and disbursements in certain departments exceeded the amounts appropriated prior to the approval of an appropriation amendment by the Board of Supervisors.

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

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

Response – The County will endeavor to follow Iowa Code Chapters 331.435 and 331.434(6).

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County chose not to dedicate property tax revenue to conservation purposes to the extent required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

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

Boone County

Schedule of Findings

Year ended June 30, 2017

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

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

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

	Original Area		Expansion Area		Total
	Closure	Postclosure	Closure	Postclosure	
Total estimated costs for closure and postclosure care	\$ 222,200	816,000	2,829,400	840,000	4,707,600
Amounts required to be held in the local dedicated fund at June 30, 2016	\$ 222,200	813,000	1,532,900	801,000	3,369,100
Reallocation of amounts required to be held based on current estimated costs	-	3,000	-	(3,000)	-
Less: amounts required to be held in the local dedicated fund at June 30, 2016, as reallocated	222,200	816,000	1,532,900	798,000	3,369,100
	-	-	1,296,500	42,000	1,338,500
Divided by the number of years remaining in the pay-in period	-	-	9	9	
Required payment into the local dedicated fund for the year ended June 30, 2017	-	-	144,056	4,667	148,723
Amounts required to be held in the local dedicated fund at June 30, 2016, as reallocated	222,200	816,000	1,532,900	798,000	3,369,100
Amounts required to be held in the local dedicated fund at June 30, 2017	\$ 222,200	816,000	1,676,956	802,667	3,517,823
Amounts restricted for closure and postclosure care at June 30, 2017	\$ 222,200	816,000	2,045,958	607,410	3,691,568

- (12) 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.

Boone County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager  
Jenny R. Lawrence, Senior Auditor II  
Zachary J. Koziolk, Staff Auditor  
Mark D. Newhall, Staff Auditor  
Elin M. Landgren, Assistant Auditor  
Malika Moutiq, Assistant Auditor  
Madeline W. Petelin, Assistant Auditor  
Terry J. Erlbacher, Auditor Intern

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State