OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE March 28, 2018

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

The County had local tax revenue of $34,105,084 for the year ended June 30, 2017, which included $2,813,161 in tax credits from the state. The County forwarded $26,504,204 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $7,600,880 of the local tax revenue to finance County operations, a 2.9% increase over the prior year. Other revenues included charges for service of $1,213,415, operating grants, contributions and restricted interest of $4,064,009, capital grants, contributions and restricted interest of $191,778, tax increment financing of $143,967, local option sales tax of $885,507, unrestricted investment earnings of $72,206 and other general revenues of $250,008.

Expenses for County operations for the year ended June 30, 2017 totaled $13,304,619, a 9.3% increase over the prior year. Expenses included $6,273,409 for roads and transportation, $3,136,164 for public safety and legal services and $1,276,500 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/1710-0079-B00F.

# # #

POWESHIEK COUNTY

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

JUNE 30, 2017

Table of Contents

Table of Contents
(continued)

Poweshiek County

Officials

(Before January 2017)

Name	Title	Term Expires
Lamoyne Gaard	Board of Supervisors	Jan 2017
Larry Wilson	Board of Supervisors	Jan 2019
Trevor White	Board of Supervisors	Jan 2019
Diana Dawley	County Auditor	Jan 2017
Sandy Ross	County Treasurer	Jan 2019
Dianna Longhenry	County Recorder	Jan 2019
Thomas Kriegel	County Sheriff	Jan 2017
Rebecca Petig	County Attorney	Jan 2019
Amy Vermillion	County Assessor	Jan 2022

(After January 2017)

Name	Title	Term Expires
Larry Wilson	Board of Supervisors	Jan 2019
Trevor White	Board of Supervisors	Jan 2019
Diana Dawley	Board of Supervisors	Jan 2021
Melissa Eilander	County Auditor	Jan 2021
Sandy Ross	County Treasurer	Jan 2019
Dianna Longhenry	County Recorder	Jan 2019
Thomas Kriegel	County Sheriff	Jan 2021
Rebecca Petig	County Attorney	Jan 2019
Amy Vermillion	County Assessor	Jan 2022

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Independent Auditor's Report

To the Officials of Poweshiek County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 52 through 59 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 Poweshiek 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 20, 2018 on our consideration of Poweshiek 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 Poweshiek County's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

Poweshiek County

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2017 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 2.2%, or approximately $309,000, from fiscal year 2016 to fiscal year 2017. Property tax revenues increased approximately $188,000.

- Program expenses of the County's governmental activities increased 9.3%, or approximately $1,131,000, from fiscal year 2016 to fiscal year 2017. Roads and transportation function expenses increased approximately $594,000.

- The County's net position at June 30, 2017 increased 3.8%, or approximately $1,117,000, over the June 30, 2016 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Poweshiek 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 Poweshiek 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 Poweshiek 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) The proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Poweshiek County's combined net position at the end of fiscal year 2017 totaled approximately \$30.6 million, compared to approximately \$29.5 million at the end of fiscal year 2016. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities
(Expressed in Thousands)

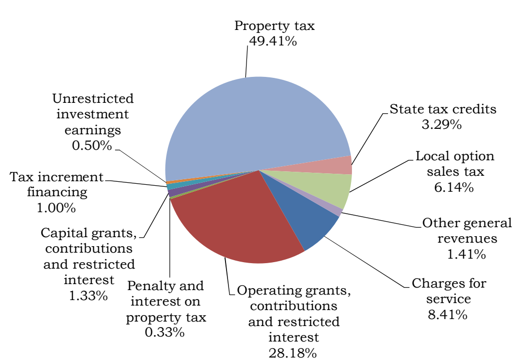
	June 30, 2017	June 30, 2016
Current and other assets	$ 22,544	26,851
Capital assets	26,309	26,317
Total assets	48,853	53,168
Deferred outflows of resources	997	444
Long-term liabilities	10,871	15,357
Other liabilities	611	536
Total liabilities	11,482	15,893
Deferred inflows of resources	7,736	8,204
Net position:		
Net investment in capital assets	20,319	19,817
Restricted	7,753	7,009
Unrestricted	2,560	2,689
Total net position	$ 30,632	29,515

The net position of Poweshiek County's governmental activities increased 3.8% (approximately \$30.6 million compared to approximately \$29.5 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$2.69 million at June 30, 2016 to approximately \$2.56 million at the end of this year, a decrease of 4.8%.

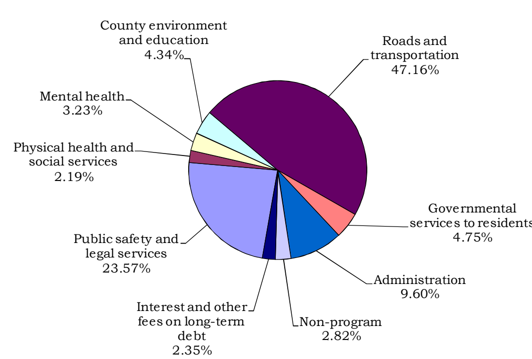
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

		Year ended June 30, 2017	2016
Revenues:			
Program revenues:			
Charges for service	$	1,213	1,114
Operating grants, contributions and restricted interest		4,064	4,078
Capital grants, contributions and restricted interest		192	353
General revenues:			
Property tax		7,127	6,939
Tax increment financing		144	130
Penalty and interest on property tax		47	46
State tax credits		474	450
Local option sales tax		886	823
Unrestricted investment earnings		72	32
Other general revenues		203	148
Total revenues		14,422	14,113
Program expenses:			
Public safety and legal services		3,136	3,005
Physical health and social services		291	281
Mental health		430	317
County environment and education		578	531
Roads and transportation		6,273	5,679
Governmental services to residents		632	608
Administration		1,277	1,126
Non-program		375	280
Interest and other fees on long-term debt		313	347
Total expenses		13,305	12,174
Change in net position		1,117	1,939
Net position beginning of year		29,515	27,576
Net position end of year	$	30,632	29,515

Revenues by Source



Expenses by Program



The County levied property tax rate went from $8.16741 to $8.26948 per $1,000 of taxable valuation for fiscal year 2017, an increase of 1.2%. Countywide taxable valuations in Poweshiek County have increased as follows: $1,041,816,338 in fiscal year 2015 to $1,063,056,573 in fiscal year 2016 to $1,075,783,052 in fiscal year 2017. Based on increases in the taxable valuations and increase in the fiscal year 2017 levied property tax rates, property tax revenue was budgeted to increase $247,712 for fiscal year 2017.

The cost of all governmental activities was approximately $13.3 million compared to approximately $12.2 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $7.8 million because some of the cost was paid by those directly benefiting from the programs (approximately $1,213,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $4,256,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2017 from approximately $5,545,000 to approximately $5,469,000, or 1.4%.

INDIVIDUAL MAJOR FUND ANALYSIS

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately $11.0 million, a decrease of approximately $4.0 million from last year's total of approximately $15.0 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately $91,000 over the prior year. Expenditures decreased approximately $252,000 compared to the prior year. The ending fund balance increased approximately $323,000 over the prior year to approximately $3,466,000.

- Special Revenue, Mental Health Fund revenues decreased approximately $23,000 from the prior year. Expenditures increased approximately $197,000 compared to the prior year, due primarily to increased contributions to the Mental Health Region. The Mental Health Fund balance at year end increased approximately $3,000 over the prior year to approximately $341,000.

- Special Revenue, Rural Services Fund revenues increased approximately $99,000 over the prior year mainly due to an increase in property tax. Expenditures and transfers out increased approximately $32,000 and $58,000, respectively. The Rural Services Fund ending fund balance increased approximately $115,000 over the prior year to approximately $725,000.

- Special Revenue, Secondary Roads Fund revenues increased approximately $526,000 compared to the prior year due primarily to increases in road use tax revenue and an insurance claim received for a wrecked dump truck. Expenditures increased approximately $797,000 primarily due to increased road maintenance and equipment purchases. The Secondary Roads Fund ending fund balance increased approximately $562,000 over the prior year to approximately $3,404,000.

- Debt Service Fund revenues increased approximately $23,000 compared to the prior year. Expenditures decreased approximately $2,000 from the prior year. The ending fund balance decreased approximately $4.9 million from the prior year to approximately $52,000. The decrease in fund balance was due to funds held in escrow at June 30, 2016 used to refund debt on June 1, 2017.

BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget four times. The first amendment was made in August 2016 and resulted in an increase in budgeted receipts and disbursements covering six different functions. The second amendment was made in September 2016 and resulted in an increase in the budgeted disbursements, primarily due to courthouse repairs. The third amendment was made in March 2017 and resulted in an increase in budgeted receipts and disbursements, primarily due to adult correctional services and general services. The fourth amendment was made in May 2017 and resulted in an increase in budgeted disbursement primarily related to the public safety and legal services and mental health functions.

The County's receipts were $52,806 more than budgeted, a variance of less than 1%. Total disbursements were $2,841,576 less than the amended budget. Actual disbursements for the capital projects function were approximately $2,035,000 less than budgeted due to secondary road projects not being completed during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Poweshiek County had approximately $26.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately $8,000 from last year.

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

	June 30, 2017	June 30, 2016
Land	$ 2,030	2,030
Construction in progress	-	79
Buildings and improvements	7,614	7,488
Equipment and vehicles	1,828	1,390
Infrastructure	14,837	15,330
Total	$ 26,309	26,317

The County had depreciation expense of approximately $1,193,000 for fiscal year 2017 and total accumulated depreciation of approximately $12,150,000 at June 30, 2017. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2017, Poweshiek County had $5,990,000 of long-term debt outstanding, compared to $11,345,000 at June 30, 2016.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)			
		June 30,	
		2017	2016
General obligation local option sales tax bonds	$	-	5,230
General obligation refunding bonds		5,210	5,210
General obligation urban renewal notes		780	905
Total	$	5,990	11,345

Debt decreased as a result of the County making scheduled principal payments on both the general obligation local option sales tax bonds and the general obligation urban renewal notes and refunding the remaining general obligation local option sales tax bonds outstanding from amounts held in escrow. During the year, principal payments and amounts refunded totaled $510,000 and $4,845,000, respectively.

The County carries a general obligation bond rating of Aa3 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of $5,990,000 is significantly below its constitutional debt limit of approximately $106 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2018 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2018 total property tax rate is $8.11396 per $1,000 of taxable valuation, a decrease of $.15552 per $1,000 of taxable valuation from fiscal year 2017. The fiscal year 2018 General Fund ending fund balance is expected to be approximately $2,231,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Poweshiek County Auditor's Office, 302 E Main Street, Montezuma, Iowa 50171-0057.

Poweshiek County

Basic Financial Statements

Poweshiek County

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 14,006,157
Receivables:	
Property tax:	
Delinquent	62
Succeeding year	7,358,000
Tax increment financing succeeding year	126,000
Penalty and interest on property tax	301
Accounts	3,271
Accrued interest	7,797
Due from other governments	530,637
Inventories	419,065
Prepaid insurance	93,086
Capital assets, net of accumulated depreciation	26,309,235
Total assets	48,853,611
Deferred Outflows of Resources	
Pension related deferred outflows	997,379
Liabilities	
Accounts payable	523,875
Salaries and benefits payable	74,806
Due to other governments	3,456
Accrued interest payable	9,092
Long-term liabilities:	
Portion due or payable within one year:	
General obligation refunding bonds	505,000
General obligation urban renewal notes	130,000
Compensated absences	227,398
Portion due or payable after one year:	
General obligation refunding bonds	4,705,000
General obligation urban renewal notes	650,000
Compensated absences	34,440
Landfill postclosure care	375,000
Net pension liability	2,659,032
Net OPEB liability	1,585,000
Total liabilities	11,482,099
Deferred Inflows of Resources	
Unavailable revenue:	
Property tax	7,358,000
Tax increment financing	126,000
Pension related defered inflows	252,525
Total deferred inflows of resources	7,736,525
Net Position	
Net investment in capital assets	20,319,235
Restricted for:	
Supplemental levy purposes	498,674
Mental health purposes	337,894
Rural services purposes	664,191
Secondary roads purposes	3,373,834
Capital improvements	1,236,496
Landfill postclosure care	1,152,096
Debt service	115,084
Other purposes	374,418
Unrestricted	2,560,444
Total net position	$ 30,632,366

See notes to financial statements.

Poweshiek County

Statement of Activities

Year ended June 30, 2017

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 3,136,164	165,726	248,903	-	(2,721,535)
Physical health and social services	291,177	29,593	126,882	-	(134,702)
Mental health	429,578	-	-	-	(429,578)
County environment and education	577,777	133,481	89,016	-	(355,280)
Roads and transportation	6,273,409	117,134	3,598,619	86,136	(2,471,520)
Governmental services to residents	632,012	378,831	589	-	(252,592)
Administration	1,276,500	18,116	-	105,642	(1,152,742)
Non-program	374,563	329,426	-	-	(45,137)
Interest on long-term debt	313,439	40,838	-	-	(272,601)
Total	$ 13,304,619	1,213,145	4,064,009	191,778	(7,835,687)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,089,984
Debt service					36,980
Tax increment financing					143,967
Penalty and interest on property tax					47,120
State tax credits					473,916
Local option sales tax					885,507
Hotel/motel tax					31,552
Unrestricted investment earnings					72,206
Gain on disposition of capital assets					52,588
Miscellaneous					118,748
Total general revenues					8,952,568
Change in net position					1,116,881
Net position beginning of year					29,515,485
Net position end of year					$ 30,632,366

See notes to financial statements.

Poweshiek County

Balance Sheet
Governmental Funds

June 30, 2017

				Special Revenue
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Assets:				
Cash, cash equivalents and pooled investments	$ 3,496,804	343,120	707,022	2,957,152
Receivables:				
Property tax:				
Delinquent	56	6	-	-
Succeeding year	4,082,000	396,000	2,843,000	-
Tax increment financing succeeding year	-	-	-	-
Interest and penalty on property tax	301	-	-	-
Accounts	334	-	1,650	1,287
Accrued interest	6,820	-	-	-
Due from other governments	28,272	-	19,604	417,323
Inventories	-	-	-	419,065
Prepaid insurance	34,487	-	13,968	44,631
Total assets	$ 7,649,074	739,126	3,585,244	3,839,458
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 61,874	257	6,111	333,052
Salaries and benefits payable	35,553	1,735	11,630	25,888
Due to other governments	3,380	-	-	76
Total liabilities	100,807	1,992	17,741	359,016
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	4,082,000	396,000	2,843,000	-
Succeeding year tax increment financing	-	-	-	-
Other	357	6	-	76,350
Total deferred inflows of resources	4,082,357	396,006	2,843,000	76,350
Fund balances:				
Nonspendable:				
Inventories	-	-	-	419,065
Prepaid insurance	34,487	-	13,968	44,631
Restricted for:				
Supplemental levy purposes	464,782	-	-	-
Mental health purposes	-	341,128	-	-
Rural services purposes	-	-	710,535	-
Secondary roads purposes	-	-	-	2,940,396
Capital improvements	-	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Conservation land acquisition	45,953	-	-	-
Other purposes	126,272	-	-	-
Unassigned	2,794,416	-	-	-
Total fund balances	3,465,910	341,128	724,503	3,404,092
Total liabilities, deferred inflows of resources and fund balances	$ 7,649,074	739,126	3,585,244	3,839,458

See notes to financial statements.

Debt Service	Nonmajor	Total
51,512	2,994,615	10,550,225
-	-	62
37,000	-	7,358,000
-	126,000	126,000
-	-	301
-	-	3,271
842	135	7,797
-	65,438	530,637
-	-	419,065
-	-	93,086
89,354	3,186,188	19,088,444
-	22,581	423,875
-	-	74,806
-	-	3,456
-	22,581	502,137
37,000	-	7,358,000
-	126,000	126,000
-	-	76,713
37,000	126,000	7,560,713
-	-	419,065
-	-	93,086
-	-	464,782
-	-	341,128
-	-	710,535
-	-	2,940,396
-	1,236,496	1,236,496
-	1,527,096	1,527,096
52,354	71,822	124,176
-	-	45,953
-	202,193	328,465
-	-	2,794,416
52,354	3,037,607	11,025,594
89,354	3,186,188	19,088,444

Poweshiek County

Poweshiek County

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

June 30, 2017

Total governmental fund balances (page 21)		$ 11,025,594
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $38,458,933 and the accumulated depreciation is $12,149,698.		26,309,235
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.		76,713
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		3,355,932
Pension related deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 997,379	
Deferred inflows of resources	(252,525)	744,854
Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable, landfill postclosure 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.		(10,879,962)
Net position of governmental activities (page 18)		$ 30,632,366

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2017

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 3,999,081	399,572	2,725,362	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	47,869	-	-	-
Intergovernmental	472,277	30,822	385,100	4,106,638
Licenses and permits	1,000	-	21,396	45,743
Charges for service	536,450	-	76,651	-
Use of money and property	216,855	-	-	262
Miscellaneous	47,543	-	6,793	183,347
Total revenues	5,321,075	430,394	3,215,302	4,335,990
Expenditures:				
Operating:				
Public safety and legal services	2,095,697	-	890,371	-
Physical health and social services	241,726	-	46,115	-
Mental health	565	427,615	-	-
County environment and education	445,278	-	145,463	-
Roads and transportation	-	-	-	6,128,455
Governmental services to residents	608,856	-	5,053	-
Administration	1,206,129	-	52,565	-
Non-program	95,852	-	-	-
Debt service	-	-	-	-
Capital projects	140,877	-	-	177,638
Total expenditures	4,834,980	427,615	1,139,567	6,306,093
Excess (deficiency) of revenues over (under) expenditures	486,095	2,779	2,075,735	(1,970,103)
Other financing sources (uses):				
Crossover debt refunded	-	-	-	-
Transfers in	-	-	-	2,504,213
Transfers out	(163,385)	-	(1,960,828)	-
Sale of capital assets	-	-	-	27,765
Total other financing sources (uses)	(163,385)	-	(1,960,828)	2,531,978
Change in fund balances	322,710	2,779	114,907	561,875
Fund balances beginning of year	3,143,200	338,349	609,596	2,842,217
Fund balances end of year	$ 3,465,910	341,128	724,503	3,404,092

See notes to financial statements.

Debt Service	Nonmajor	Total
36,980	-	7,160,995
-	143,967	143,967
-	885,507	885,507
-	-	47,869
2,972	46,175	5,043,984
-	-	68,139
-	4,674	617,775
48,356	586	266,059
-	84,000	321,683
88,308	1,164,909	14,555,978
-	-	2,986,068
-	-	287,841
-	-	428,180
-	18,161	608,902
-	-	6,128,455
-	1,064	614,973
-	-	1,258,694
-	-	95,852
841,832	-	841,832
-	127,439	445,954
841,832	146,664	13,696,751
(753,524)	1,018,245	859,227
(4,845,000)	-	(4,845,000)
746,288	20,000	3,270,501
-	(1,146,288)	(3,270,501)
-	-	27,765
(4,098,712)	(1,126,288)	(4,817,235)
(4,852,236)	(108,043)	(3,958,008)
4,904,590	3,145,650	14,983,602
52,354	3,037,607	11,025,594

Poweshiek County

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

Year ended June 30, 2017

Change in fund balances - Total governmental funds (page 25)		$ (3,958,008)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 1,301,685	
Depreciation expense	(1,193,317)	108,368
In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		(116,387)
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.		(393,067)
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.		5,355,000
The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position.		381,867
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	(8,125)	
Accrued interest expense	18,394	
Other postemployment benefits	(170,000)	
Pension expense	(314,612)	(474,343)
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		213,451
Change in net position of governmental activities (page 19)		$ 1,116,881

See notes to financial statements.

Poweshiek County

Statement of Net Position
Proprietary Fund

June 30, 2017

	Internal Service - Employee Group Health
Current Assets	
Cash and cash equivalents	$ 355,932
Investments	3,100,000
Total current assets	3,455,932
Current Liabilities	
Accounts payable	100,000
Net Position	
Unrestricted	$ 3,355,932

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2017

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 1,046,683
Reimbursements from employees and others		198,208
Insurance reimbursements		43,537
Total operating revenues		1,288,428
Operating expenses:		
Medical claims	$ 763,149	
Insurance premiums	218,851	
Administrative fees	106,878	
Miscellaneous	5,039	1,093,917
Operating income		194,511
Non-operating revenues:		
Interest income		18,940
Net income		213,451
Net position beginning of year		3,142,481
Net position end of year		$ 3,355,932

See notes to financial statements.

Poweshiek County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2017

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 1,046,683
Cash received from employees and others	198,208
Cash received from Insurance reimbursements	43,537
Cash paid to suppliers for services	(1,088,917)
Net cash provided by operating activities	199,511
Cash flows from investing activities:	
Purchase of certificates of deposit	(100,000)
Interest on investments	18,940
Net cash used for investing activities	(81,060)
Net increase in cash and cash equivalents	118,451
Cash and cash equivalents beginning of year	237,481
Cash and cash equivalents end of year	$ 355,932
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 194,511
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	5,000
Net cash provided by operating activities	$ 199,511

See notes to financial statements.

Poweshiek County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 1,575,359
Other County officials	20,221
Receivables:	
Property tax:	
Delinquent	1,600
Succeeding year	25,819,000
Accounts	24,983
Special assessments	28,312
Accrued interest	140
Due from other governments	39,610
Total assets	27,509,225
Liabilities	
Accounts payable	3,056
Salaries and benefits payable	6,172
Due to other governments	27,408,757
Trusts payable	77,226
Compensated absences	14,014
Total liabilities	27,509,225
Net position	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Poweshiek 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, Poweshiek 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Services Commission and Poweshiek County Joint E911 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.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. 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. Net position restricted through enabling legislation consists of $1,152,096 for landfill postclosure care.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. <u>Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity</u>

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

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

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

<u>Property Tax Receivable</u> – 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.

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

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

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

Capital Assets – Capital assets, which include property, furniture 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 if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Intangibles	$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

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	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and 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, contributions from the County after the measurement date but before the end of the County's reporting period and the net difference between projected and actual earnings on pension plan investments.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in 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, Secondary Roads and Rural Services 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, succeeding year tax increment financing 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 and tax increment financing receivables that will not be recognized until the year for which it is levied and unrecognized items not yet credited to pension plan 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 Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

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

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of $8,556,467 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.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Road	General	$ 163,385
	Special Revenue:	
	Rural Services	1,940,828
	Local Option Sales Tax	400,000
		2,504,213
Special Revenue:	Special Revenue:	
Sanitary Disposal	Rural Services	20,000
Debt Service	Special Revenue:	
	Local Option Sales Tax	605,925
	Urban Renewal	140,363
		746,288
Total		$ 3,270,501

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,030,405	-	-	2,030,405
Construction in progress	79,219	276,427	355,646	-
Total capital assets not being depreciated	2,109,624	276,427	355,646	2,030,405
Capital assets being depreciated:				
Buildings	9,243,054	325,166	-	9,568,220
Equipment and vehicles	6,693,248	1,166,134	654,839	7,204,543
Infrastructure	19,491,226	164,539	-	19,655,765
Total capital assets being depreciated	35,427,528	1,655,839	654,839	36,428,528
Less accumulated depreciation for:				
Buildings	1,754,779	199,821	-	1,954,600
Equipment and vehicles	5,303,349	336,892	263,517	5,376,724
Infrastructure	4,161,770	656,604		4,818,374
Total accumulated depreciation	11,219,898	1,193,317	263,517	12,149,698
Total capital assets being depreciated, net	24,207,630	462,522	391,322	24,278,830
Governmental activities capital assets, net	$ 26,317,254	738,949	746,968	26,309,235

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 235,651
Physical health and social services	5,927
County environment and education	62,153
Roads and transportation	858,057
Administration	31,529
Total depreciation expense - governmental activities	$ 1,193,317

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	$ 3,380
Special Revenue:		
Secondary Roads	Services	76
Total for governmental funds		$ 3,456
Agency:		
County Assessor	Collections	$ 807,959
Schools		15,650,576
Community Colleges		1,462,742
Corporations		7,717,210
Auto License and Use Tax		561,171
All other		1,209,099
Total for agency funds		$ 27,408,757

(6) Long-Term Liabilities

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

	General Obligation Local Option Sales Tax	General Obligation Refunding	General Obligation Urban Renewal	Compen–sated	Estimated Liability for Landfill Postclosure	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	$ 5,230,000	5,210,000	905,000	253,713	375,000	1,968,706	1,415,000	15,357,419
Increases	-	-	-	488,821	-	690,326	289,000	1,468,147
Decreases	5,230,000	-	125,000	480,696	-	-	119,000	5,954,696
Balance end of year	$ -	5,210,000	780,000	261,838	375,000	2,659,032	1,585,000	10,870,870
Due within one year	$ -	505,000	130,000	227,398	-	-	-	862,398

A summary of the County's general obligation indebtedness is as follows:

Year Ending June 30,	Refunding Bonds Principal	Refunding Bonds Interest	Urban Renewal Notes Principal	Urban Renewal Notes Interest	Total Principal	Total Interest	Total
2018	$ 505,000	96,758	130,000	12,350	635,000	109,108	744,108
2019	515,000	91,707	130,000	10,400	645,000	102,107	747,107
2020	520,000	85,270	130,000	8,450	650,000	93,720	743,720
2021	525,000	77,470	130,000	6,695	655,000	84,165	739,165
2022	535,000	68,545	130,000	4,680	665,000	73,225	738,225
2023-2027	2,610,000	172,133	130,000	2,470	2,740,000	174,603	2,914,603
Total	$ 5,210,000	591,883	780,000	45,045	5,990,000	636,928	6,626,928

General Obligation Refunding Bonds

On March 29, 2012, the County issued $5,210,000 of general obligation refunding bonds for the crossover advance refunding of $4,845,000 of general obligation local option sales tax bonds dated October 15, 2008. The refunding bonds bear interest at rates ranging from 1.00% to 2.45% per annum. The 2008 bonds were called on June 1, 2017.

General Obligation Urban Renewal Notes

On May 9, 2013, the County issued $1,280,000 of general obligation urban renewal notes. The notes bear interest at rates ranging from 1.50% to 1.90% per annum. The notes were used to finance reconstruction and improvements to County roads in the urban renewal areas.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

<u>Disability and Death Benefits</u> – 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.

<u>Contributions</u> – 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 were $381,867.

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 $2,659,032 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 0.042252%, which was an increase of 0.002404% from its collective proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $314,612. 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	$ 21,000	67,422
Changes of assumptions	36,253	16,822
Net difference between projected and actual earnings on IPERS' investments	546,332	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	11,927	168,281
County contributions subsequent to the measurement date	381,867	-
Total	$ 997,379	252,525

$381,867 reported as deferred outflows of resources related to pensions resulting from the 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	$ (4,695)
2019	(4,695)
2020	236,191
2021	142,577
2022	(6,391)
Total	$ 362,987

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:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	100%	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$ 4,924,985	2,659,032	749,092

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

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

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical, dental and vision benefits for employees, retirees and their spouses. There are 84 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 51 with 22 years of service or elected officials who must be age 57 with 8 years of service.

The health coverage, which is a partially self-funded health plan, is administered by Wellmark. For retirees under age 65, the County pays the same premium for the medical, dental and vision benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The County also offers an early retirement program to employees who were employed by the County as of December 31, 2009, which results in an explicit 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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	$ 288,000
Interest on net OPEB obligation	57,000
Adjustment to annual required contribution	(56,000)
Annual OPEB cost	289,000
Contributions made	(119,000)
Increase in net OPEB obligation	170,000
Net OPEB obligation beginning of year	1,415,000
Net OPEB obligation end of year	$ 1,585,000

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 $119,000 to the health plan and there were no contributions from plan members eligible for benefits.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 288,000	41.3%	$ 1,246,000
2016	288,000	41.3	1,415,000
2017	288,000	41.3	1,585,000

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 $2,842,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately $2,842,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $4,101,000 and the ratio of the UAAL to covered payroll was 69.3%. As of June 30, 2017, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 9%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the SOA RPH-2014 Total Dataset Headcount-Weighted Morality with scale MP-2014, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2013 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2013.

The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) 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 $187,446.

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, boiler and machinery and employee blanket bond in the amount of $1,000,000, $1,000,000 and $80,000, respectively. 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.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2017 was $1,046,683.

Amounts payable from the Employee Group Health Fund at June 30, 2017 total $100,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was $3,355,962 at June 30, 2017 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	$ 95,000
Incurred claims (including claims incurred but not reported at June 30, 2016)	763,149
Payment on claims during the fiscal year	(758,149)
Unpaid claims end of year	$ 100,000

(11) Postclosure Care

To comply with federal and state regulations, the County 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. These costs for the Poweshiek County Sanitary Landfill have been estimated at $375,000 as of June 30, 2017 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2017, $1,527,096 restricted for these purposes is reported in the Special Revenue, Sanitary Disposal Fund.

(12) Tax Abatements

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

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Grinnell	Urban renewal and economic development projects	$ 167,952
City of Malcom	Urban renewal and economic development projects	$ 1,858

(13) Poweshiek 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: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story, and Warren. The financial activity of Poweshiek 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		$ 399,572
Intergovernmental:		
State tax credits		30,822
Total revenues		430,394
Expenditures:		
Services to persons with:		
Mental illness	28,114	
Intellectual disabilities	25,274	
Other developmental disabilities	25,274	78,662
General administration:		
Direct administration	55,908	
Distribution to regional fiscal agent	293,045	348,953
Total expenditures		427,615
Excess of revenues over expenditures		2,779
Fund balance beginning of year		338,349
Fund balance end of year		$ 341,128

(14) Due From Other Governments

On July 1, 2014, the County entered into a loan agreement with the City of Brooklyn for $182,045 for work performed on highway F29/Old Road 6. The agreement is payable through 2019 and requires annual payments of $38,175.

During the year ended June 30, 2017, the County received $38,175 of principal and interest under the agreement. At June 30, 2017, two annual payments totaling $76,350 remain to be paid by the City.

(15) New Accounting Pronouncement

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

(16) Prospective Accounting Change

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

(17) Pending Litigation

The County is a defendant in a lawsuit seeking unspecified damages for which the probability and amount of loss, if any, is undeterminable.

Required Supplementary Information

Poweshiek 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	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Receipts:				
Property and other county tax	8,267,072	8,120,486	8,120,486	146,586
Penalty and interest on property tax	47,869	48,055	48,055	(186)
Intergovernmental	4,956,380	5,210,354	5,303,854	(347,474)
Licenses and permits	69,430	17,525	17,525	51,905
Charges for service	619,069	568,365	569,865	49,204
Use of money and property	261,512	144,900	144,900	116,612
Miscellaneous	323,009	153,850	286,850	36,159
Total receipts	14,544,341	14,263,535	14,491,535	52,806
Disbursements:				
Public safety and legal services	3,042,325	3,059,622	3,175,622	133,297
Physical health and social services	299,405	353,748	367,348	67,943
Mental health	453,065	421,897	489,222	36,157
County environment and education	597,701	571,434	611,434	13,733
Roads and transportation	5,916,032	5,918,260	5,918,260	2,228
Governmental services to residents	624,972	698,446	698,446	73,474
Administration	1,269,363	1,376,514	1,720,326	450,963
Non-program	94,891	120,000	123,066	28,175
Debt service	841,833	839,840	841,840	7
Capital projects	434,401	2,416,500	2,470,000	2,035,599
Total disbursements	13,573,988	15,776,261	16,415,564	2,841,576
Excess (deficiency) of receipts over (under) disbursements	970,353	(1,512,726)	(1,924,029)	2,894,382
Other financing sources, net	(4,817,235)	-	-	(4,817,235)
Deficiency of receipts and other financing sources under disbursements and other financing uses	(3,846,882)	(1,512,726)	(1,924,029)	(1,922,853)
Balance beginning of year	14,397,107	7,714,705	7,714,705	6,682,402
Balance end of year	$ 10,550,225	6,201,979	5,790,676	4,759,549

See accompanying independent auditor's report.

Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Admustments	Modified Accrual Basis
Revenues	$ 14,544,341	11,637	14,555,978
Expenditures	13,573,988	122,763	13,696,751
Net	970,353	(111,126)	859,227
Other financing sources, net	(4,817,235)	-	(4,817,235)
Beginning fund balances	14,397,107	586,495	14,983,602
Ending fund balances	$ 10,550,225	475,369	11,025,594

See accompanying independent auditor's report.

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by $639,303. The budget amendments are reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted.

Poweshiek 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		0.042252%	0.039848%	0.038791%
County's proportionate share of the net pension liability	$	2,659	1,969	1,538
County's covered-employee payroll	$	3,906	3,856	3,886
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll		68.07%	51.06%	39.58%
IPERS' net position as a percentage of the total pension liability		81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Poweshiek County

Schedule of County Contributions

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

Required Supplementary Information

		2017	2016	2015	2014
Statutorily required contribution	$	382	360	361	359
Contributions in relation to the statutorily required contribution		(382)	(360)	(361)	(359)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	4,162	3,906	3,856	3,886
Contributions as a percentage of covered-employee payroll		9.18%	9.22%	9.36%	9.24%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
351	331	290	262	236	214
(351)	(331)	(290)	(262)	(236)	(214)
-	-	-	-	-	-
3,874	3,844	3,799	3,707	3,517	3,367
9.06%	8.61%	7.63%	7.07%	6.71%	6.36%

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.

Poweshiek County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2008	-	$ 2,995	2,995	0.0%	$ 3,600	83.2%
2011	Jul 1, 2008	-	2,995	2,995	0.0	3,520	85.1
2012	Jul 1, 2011	-	3,639	3,639	0.0	3,587	101.5
2013	Jul 1, 2011	-	3,639	3,639	0.0	3,800	95.8
2014	Jul 1, 2011	-	3,639	3,639	0.0	3,822	95.2
2015	Jul 1, 2014	-	2,842	2,842	0.0	3,688	77.1
2016	Jul 1, 2014	-	2,842	2,842	0.0	3,881	73.2
2017	Jul 1, 2014	-	2,842	2,842	0.0	4,101	69.3

See Note 8 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.

Poweshiek County

Supplementary Information

Poweshiek County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

			Special
	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest
Assets			
Cash, cash equivalents and pooled investments	$ 10,885	28,650	48,149
Receivables:			
Succeeding year tax increment financing	-	-	-
Accrued interest	-	13	24
Due from other governments	-	-	-
Total assets	$ 10,885	28,663	48,173
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ -	833	20,000
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year tax increment financing	-	-	-
Fund balances:			
Restricted for:			
Capital improvements	-	-	-
Landfill postclosure care	-	-	-
Debt service	-	-	-
Other purposes	10,885	27,830	28,173
Total fund balances	10,885	27,830	28,173
Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,885	28,663	48,173

See accompanying independent auditor’s report.

Revenue						
Conservation Easement	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Total
5,000	17,139	113,166	1,528,844	1,171,058	71,724	2,994,615
-	-	-	-	-	126,000	126,000
-	-	-	-	-	98	135
-	-	-	-	65,438	-	65,438
5,000	17,139	113,166	1,528,844	1,236,496	197,822	3,186,188
-	-	-	1,748	-	-	22,581
-	-	-	-	-	126,000	126,000
-	-	-	-	1,236,496	-	1,236,496
-	-	-	1,527,096	-	-	1,527,096
-	-	-	-	-	71,822	71,822
5,000	17,139	113,166	-	-	-	202,193
5,000	17,139	113,166	1,527,096	1,236,496	71,822	3,037,607
5,000	17,139	113,166	1,528,844	1,236,496	197,822	3,186,188

Poweshiek County

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

Year ended June 30, 2017

	Special		
	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest
Revenues:			
Tax increment financing	$ -	-	-
Local option sales tax	-	-	-
Intergovernmental	15,797	-	-
Charges for service	-	4,674	-
Use of money and property	29	68	95
Miscellaneous	10,500	-	73,500
Total revenues	26,326	4,742	73,595
Expenditures:			
Operating:			
County environment and education	-	-	-
Governmental services to residents	-	1,064	-
Capital projects	17,000	-	110,439
Total expenditures	17,000	1,064	110,439
Excess (deficiency) of revenues over (under) expenditures	9,326	3,678	(36,844)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	9,326	3,678	(36,844)
Fund balances beginning of year	1,559	24,152	65,017
Fund balances end of year	$ 10,885	27,830	28,173

See accompanying independent auditor's report.

Revenue						
Conservation Easement	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Total
-	-	-	-	-	143,967	143,967
-	-	-	-	885,507	-	885,507
-	-	-	26,027	-	4,351	46,175
-	-	-	-	-	-	4,674
-	-	-	-	-	394	586
-	-	-	-	-	-	84,000
-	-	-	26,027	885,507	148,712	1,164,909
-	-	-	18,161	-	-	18,161
-	-	-	-	-	-	1,064
-	-	-	-	-	-	127,439
-	-	-	18,161	-	-	146,664
-	-	-	7,866	885,507	148,712	1,018,245
-	-	-	20,000	-	-	20,000
-	-	-	-	(1,005,925)	(140,363)	(1,146,288)
-	-	-	20,000	(1,005,925)	(140,363)	(1,126,288)
-	-	-	27,866	(120,418)	8,349	(108,043)
5,000	17,139	113,166	1,499,230	1,356,914	63,473	3,145,650
5,000	17,139	113,166	1,527,096	1,236,496	71,822	3,037,607

Poweshiek County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ -	803	1,789	396,750	120,388
Other County officials	20,221	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	3	8	188
Succeeding year	-	235,000	218,000	431,000	15,530,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 20,221	235,803	219,792	827,758	15,650,576
Liabilities					
Liabilities:					
Accounts payable	$ -	-	-	143	-
Salaries and benefits payable	-	-	-	5,642	-
Due to other governments	19,290	235,803	219,792	807,959	15,650,576
Trusts payable	931	-	-	-	-
Compensated absences	-	-	-	14,014	-
Total liabilities	$ 20,221	235,803	219,792	827,758	15,650,576

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E-911 Service	Other	Total
14,729	77,015	649	561,171	166,344	235,721	1,575,359
-	-	-	-	-	-	20,221
13	195	-	-	-	1,193	1,600
1,448,000	7,640,000	60,000	-		257,000	25,819,000
-	-	-	-	24,591	392	24,983
-	-	-	-	-	28,312	28,312
-	-	-	-	140	-	140
-	-	-	-	39,610	-	39,610
1,462,742	7,717,210	60,649	561,171	230,685	522,618	27,509,225
-	-	-	-	2,644	269	3,056
-	-	-	-	-	530	6,172
1,462,742	7,717,210	60,649	561,171	228,041	445,524	27,408,757
-	-	-	-	-	76,295	77,226
-	-	-	-	-	-	14,014
1,462,742	7,717,210	60,649	561,171	230,685	522,618	27,509,225

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities					
Balances beginning of year	$ 35,739	232,949	224,692	819,437	15,157,189
Additions:					
Property and other county tax	-	224,948	208,014	484,396	14,828,368
E-911 surcharge	-	-	-	-	-
State tax credits	-	4,252	16,437	43,394	1,125,194
Office fees and collections	424,050	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	708,825	-	-	-	-
Miscellaneous	-	-	-	10	-
Total additions	1,132,875	229,200	224,451	527,800	15,953,562
Deductions:					
Agency remittances:					
To other funds	225,871	-	-	-	-
To other governments	201,461	226,346	229,351	519,479	15,460,175
Trusts paid out	721,061	-	-	-	-
	1,148,393	226,346	229,351	519,479	15,460,175
Balances end of year	$ 20,221	235,803	219,792	827,758	15,650,576

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E-911 Service	Other	Total
1,862,127	8,126,908	75,637	562,510	228,753	426,761	27,752,702
1,358,162	6,758,403	59,555	-	-	243,113	24,164,959
-	-	-	-	228,057	-	228,057
139,753	995,794	3,430	-	-	10,991	2,339,245
-	-	-	-	-	-	424,050
-	-	-	6,601,041	-	-	6,601,041
-	-	-	-	-	21,958	21,958
-	-	-	-	-	240,653	949,478
-	-	-	-	63,761	110,455	174,226
1,497,915	7,754,197	62,985	6,601,041	291,818	627,170	34,903,014
-	-	-	242,493	-	-	468,364
1,897,300	8,163,895	77,973	6,359,887	289,886	339,918	33,765,671
-	-	-	-	-	191,395	912,456
1,897,300	8,163,895	77,973	6,602,380	289,886	531,313	35,146,491
1,462,742	7,717,210	60,649	561,171	230,685	522,618	27,509,225

Poweshiek County

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

For the Last Ten Years

	2017	2016	2015	Modified 2014
Revenues:				
Property and other county tax	$ 7,160,995	6,935,410	6,892,299	6,986,195
Tax increment financing	143,967	129,640	126,695	144,924
Local option sales tax	885,507	823,298	928,085	807,091
Penalty and interest on property tax	47,869	50,834	47,241	48,720
Intergovernmental	5,043,984	4,850,079	4,664,378	4,588,245
Licenses and permits	68,139	59,816	76,811	121,538
Charges for service	617,775	582,872	510,079	514,703
Use of money and property	266,059	116,529	106,394	171,910
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	321,683	141,519	207,046	213,085
Total	$ 14,555,978	13,689,997	13,559,028	13,596,411
Expenditures:				
Operating:				
Public safety and legal services	$ 2,986,068	2,990,207	2,838,158	2,792,814
Physical health and social services	287,841	282,499	326,373	391,098
Mental health	428,180	337,001	1,186,377	604,358
County environment and education	608,902	517,242	497,603	538,801
Roads and transportation	6,128,455	5,261,739	5,042,502	4,696,708
Governmental services to residents	614,973	652,598	679,317	628,471
Administration	1,258,694	1,343,275	1,222,300	1,161,822
Non-program	95,852	103,994	138,849	274,769
Debt service	841,832	843,368	847,052	847,650
Capital projects	445,954	551,825	628,342	1,266,712
Total	$ 13,696,751	12,883,748	13,406,873	13,203,203

See accompanying independent auditor’s report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
6,585,265	6,576,530	6,347,814	6,282,585	5,669,326	5,492,645
-	-	-	-	-	-
785,610	834,594	761,864	755,322	802,996	-
51,443	50,255	52,609	57,061	60,255	52,631
3,944,072	5,178,661	4,581,922	5,011,819	5,227,309	4,509,555
57,490	65,935	52,445	46,620	65,864	58,143
550,596	555,409	529,839	467,767	500,071	497,291
152,092	129,898	109,600	151,385	311,329	371,327
-	-	14,444	4,316	28,579	203,309
234,567	219,351	119,891	169,565	55,049	62,291
12,361,135	13,610,633	12,570,428	12,946,440	12,720,778	11,247,192
2,734,316	2,758,405	2,473,294	2,414,629	2,157,066	2,264,699
283,905	309,654	445,992	312,200	402,357	479,545
892,271	2,681,005	1,382,606	1,509,920	1,664,633	1,598,022
463,706	504,349	1,056,252	849,287	815,862	681,074
5,428,293	4,891,508	4,616,467	4,014,935	4,253,034	4,216,740
674,934	688,105	669,096	655,085	653,587	621,374
1,066,481	1,114,457	1,018,516	1,083,437	944,104	932,065
235,808	245,247	163,589	304,698	281,254	210,928
739,998	637,777	607,563	603,920	706,663	228,624
167,526	149,099	308,256	4,376,337	4,146,233	746,816
12,687,238	13,979,606	12,741,631	16,124,448	16,024,793	11,979,887

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

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Auditor of State

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

To the Officials of Poweshiek County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek 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 20, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Poweshiek County's Responses to the Findings

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

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 Recorder's Office may have control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. In addition, the mail opener does not prepare a listing of mail receipts.

Cause – The Recorder's office has 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 Recorder's office 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 – The Recorder's office should review the control activities of the 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.

An employee who is not authorized to make entries to the accounting records should open all incoming mail. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Response – The Recorder's office will utilize elected officials to provide additional control through review of financial transactions, reconciliations and reports. The Recorder's office will jointly open the mail and make a listing of all items received. At the end of the work day a report will be printed and reviewed by an elected official from another office.

Conclusion – Response accepted.

(B) Computer Systems

Criteria – Management is responsible for establishing, maintaining, and testing a disaster recovery plan. A disaster recovery plan should include, identification of critical applications, identification of staff responsible, identification of steps for recovery of the system, identification of computer equipment needed for temporary processing and identification of business location(s) which could be used to process critical application in the event of an emergency. Additionally, a copy of the disaster recovery plan should be kept off site, system backups should be kept current and off site, inventory of all hardware and components should be noted, inventory of all software applications, copies of all user documentation and policy and procedures manuals to be located off site, and require extra stocks of paper supplies, such as checks, warrants, purchase orders, etc. be located off site. Further, the plan should be tested regularly and all employees should be trained for appropriate responses to emergency situations.

Condition – The County adopted a written disaster recovery plan in February 2011. However, the following key items are not included in the plan: critical applications, staff responsibilities, steps for system recovery and an inventory of hardware and software components. In addition, a copy of the plan, user documentation, policies and procedures manual and extra paper supplies are not required to be kept off site, a copy of the plan has not been provided to all appropriate personnel and the plan has not been tested.

Cause – Management has not required the current written disaster recovery plan to be updated with necessary information. Also, management has not required certain key items be maintained off site or testing of the plan.

Effect – Lack of written policies for computer based systems that includes the noted key items, requires off site storage of critical items and requires period testing of the plan could result in a loss of data or compromised data, resulting in unreliable financial information. The failure to have a formal disaster recovery plan could result in the County's inability to function in the event of a disaster or continue County business without interruption.

Recommendation – A written disaster recovery plan which includes all of the identified elements, including a requirement for storing critical items off site, should be developed. The plan should be provided to all appropriate personnel and should be periodically tested.

Response - Poweshiek County is currently receiving a disaster recovery plan from each department head to ensure all departments are included in the overall disaster recovery plan. We hope to have new plan in place in near future.

Conclusion – Response accepted.

(C) Bank Reconciliations and Check Register

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

Condition – The Sheriff's office maintains a bank account for commissary activity. A general ledger showing receipt, disbursement and balance activity is not prepared for the commissary activity and bank reconciliations for this account are not prepared or reviewed in a timely manner.

Cause – The Sheriff's office policies do not require preparation of a general ledger showing receipt, disbursement and balance activity for the commissary activity or a reconciliation of the general ledger balance to the bank balance.

Effect – Lack of written policies allows the accounts to be maintained without regular reconciliations, potentially allowing inaccurate information or errors to go undetected.

Recommendation – To improve financial accountability and control, monthly bank reconciliations should be prepared. Any differences should be investigated and resolved in a timely manner. Activity in the commissary account should be tracked in a manner to allow for review and reconciliation of monthly activity.

Response – The Sheriff's Office has started a spreadsheet for all debits and credits into the Commissary Fund in order to reconcile the bank statement. Each month, the Sheriff writes a check to the County Treasurer to keep the commissary account balance below $3,000.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted.

(2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

(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 were noted.

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

(6) Board Minutes – No transactions were found which 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 investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

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

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

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

(10) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Kelly L. Hilton, Senior Auditor
Mitchell W. Shipman, Assistant Auditor
Erin M. Wittrock, Assistant Auditor
Nicholas H. Shields, Intern Auditor

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Deputy Auditor of State