



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

April 2, 2018

Contact: Andy Nielsen
515/ 281-5834

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

The County had local tax revenue of \$31,256,980 for the year ended June 30, 2017, which included \$3,201,631 in tax credits from the state. The County forwarded \$24,059,959 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,197,021 of the local tax revenue to finance County operations, a 1.5% increase over the prior year. Other revenues included charges for service of \$2,421,384, operating grants and contributions of \$4,871,140, capital grants and contributions of \$1,793,156, local option sales tax of \$1,050,978, unrestricted investment earnings of \$114,791 and other general revenues of \$464,932.

Expenses for County operations for the year ended June 30, 2017 totaled \$17,506,391, a 2.4% increase over the prior year. Expenses included \$7,332,931 for roads and transportation, \$3,788,667 for public safety and legal services and \$1,928,015 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/1710-0014-B00F>.

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CARROLL COUNTY

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

JUNE 30, 2017

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Carroll County

Carroll County

Officials

(Before January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Beardmore	Board of Supervisors	Jan 2017
Neil Bock	Board of Supervisors	Jan 2017
Eugene Meiners	Board of Supervisors	Jan 2017
Marty Danzer	Board of Supervisors	Jan 2019
Dean Schettler	Board of Supervisors	Jan 2019
Kourtney Irlbeck	County Auditor	Jan 2017
Jean Seidl	County Treasurer	Jan 2019
Marilyn Dopheide	County Recorder	Jan 2019
Ken Pingrey (Appointed Mar 2016)	County Sheriff	Nov 2016
John Werden	County Attorney	Jan 2019
Cindy Heuton	County Assessor	Jan 2022

(After January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marty Danzer	Board of Supervisors	Jan 2019
Dean Schettler	Board of Supervisors	Jan 2019
Neil Bock	Board of Supervisors	Jan 2021
Eugene Meiners	Board of Supervisors	Jan 2021
Richard Ruggles	Board of Supervisors	Jan 2021
Kourtney Irlbeck	County Auditor	Jan 2021
Jean Seidl	County Treasurer	Jan 2019
Marilyn Dopheide	County Recorder	Jan 2019
Ken Pingrey	County Sheriff	Jan 2021
John Werden	County Attorney	Jan 2019
Cindy Heuton	County Assessor	Jan 2022

Carroll County



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Independent Auditor's Report

To the Officials of Carroll County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll 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 11 through 18 and 58 through 67 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 Carroll 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 8 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 26, 2018 on our consideration of Carroll 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 Carroll County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

March 26, 2018

Carroll County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carroll 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 decreased 12.4%, or approximately \$2,538,000, from fiscal year 2016 to fiscal year 2017. Capital grants and contributions decreased approximately \$2,074,000, operating grants and contributions increased approximately \$121,000 and property and other county tax increased approximately \$123,000.
- Governmental activities expenses increased 2.4%, or approximately \$417,000, in fiscal year 2017 from fiscal year 2016. Roads and transportation expenses increased approximately \$246,000, public safety and legal services expenses increased approximately \$168,000 and administration expenses increased approximately \$344,000.
- Governmental activities net position increased 1%, or approximately \$412,000, from June 30, 2016 to June 30, 2017.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Carroll 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 Carroll 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 Carroll 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, the nonmajor proprietary 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 Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) Proprietary funds account for the County's Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds and the 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. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Carroll County's combined net position increased from a year ago, from approximately \$45.5 million to approximately \$45.9 million. The analysis that follows focuses on the changes in net position.

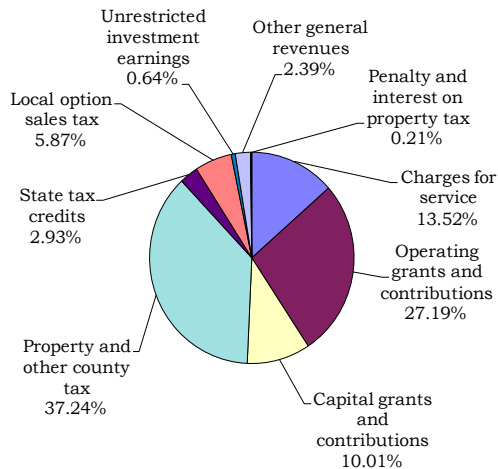
Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 18,465	18,932	51	45	18,516	18,977
Capital assets	36,974	36,297	877	903	37,851	37,200
Total assets	55,439	55,229	928	948	56,367	56,177
Deferred outflows of resources	1,471	795	-	-	1,471	795
Long-term liabilities	4,453	3,471	289	307	4,742	3,778
Other liabilities	510	405	3	-	513	405
Total liabilities	4,963	3,876	292	307	5,255	4,183
Deferred inflows of resources	6,680	7,293	-	-	6,680	7,293
Net position:						
Net investment in capital assets	36,896	36,162	588	597	37,484	36,759
Restricted	8,031	7,939	-	-	8,031	7,939
Unrestricted	340	754	48	44	388	798
Total net position	\$ 45,267	44,855	636	641	45,903	45,496

Net position of Carroll County's governmental activities increased 1% (from approximately \$44.9 million to approximately \$45.3 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted governmental activities net position – the part of governmental activities net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$754,000 at June 30, 2016 to approximately \$340,000 at the end of this year, a decrease of 54.9%.

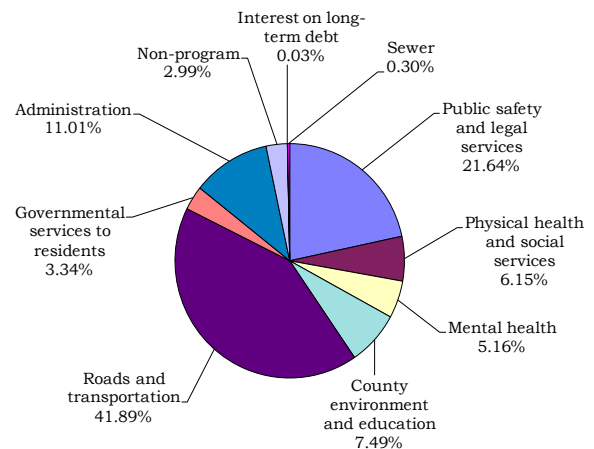
Changes in Net Position of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for service	\$ 2,371	3,347	50	48	2,421	3,395
Operating grants and contributions	4,871	4,750	-	-	4,871	4,750
Capital grants and contributions	1,793	3,867	-	-	1,793	3,867
General revenues:						
Property and other county tax	6,673	6,550	-	-	6,673	6,550
Penalty and interest on property tax	37	19	-	-	37	19
State tax credits	524	541	-	-	524	541
Local option sales tax	1,051	997	-	-	1,051	997
Unrestricted investment earnings	115	92	-	-	115	92
Other general revenues	428	238	-	-	428	238
Total revenues	17,863	20,401	50	48	17,913	20,449
Program expenses:						
Public safety and legal services	3,789	3,621	-	-	3,789	3,621
Physical health and social services	1,076	1,113	-	-	1,076	1,113
Mental health	903	999	-	-	903	999
County environment and education	1,312	1,269	-	-	1,312	1,269
Roads and transportation	7,333	7,087	-	-	7,333	7,087
Governmental services to residents	584	526	-	-	584	526
Administration	1,928	1,584	-	-	1,928	1,584
Non-program	524	832	-	-	524	832
Interest on long-term debt	5	6	-	-	5	6
Sewer	-	-	52	55	52	55
Total expenses	17,454	17,037	52	55	17,506	17,092
Transfers, net	3	3	(3)	(3)	-	-
Change in net position	412	3,367	(5)	(10)	407	3,357
Net position beginning of year	44,855	41,488	641	651	45,496	42,139
Net position end of year	\$ 45,267	44,855	636	641	45,903	45,496

Revenues by Source



Expenditures by Program



Carroll County's governmental activities net position increased approximately \$412,000. Revenues for governmental activities decreased approximately \$2,538,000 compared to the prior year, with capital grants and contributions decreasing approximately \$2,074,000 from the prior year. The County's operating grants and contributions increased approximately \$121,000 and property and other county tax increased approximately \$123,000. The decreases are primarily the result of completion of road and bridge projects paid for by the Iowa Department of Transportation and the Sauk Rail Trail paving project in fiscal year 2016.

The cost of all governmental activities this year was approximately \$17.5 million compared to approximately \$17 million last year. However, as shown in the Statement of Activities on pages 22 and 23, the amount taxpayers ultimately financed for these activities was approximately \$8.4 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,371,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,664,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased from approximately \$11,964,000 in fiscal year 2016 to approximately \$9,035,000 in fiscal year 2017, principally due to a decrease in contributions for road projects from the State of Iowa. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Carroll County completed the year, its governmental funds reported a combined fund balance of approximately \$10.41 million, an increase of approximately \$23,000 over last year's total of approximately \$10.38 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$113,000 due to a decrease in charges for services. Expenditures increased approximately \$65,000 in due to non-program function expenditures related to pass through funds. The ending fund balance increased approximately \$40,000.
- Special Revenue, Mental Health Fund revenues increased approximately \$25,000, due primarily to miscellaneous reimbursements. Expenditures decreased approximately \$54,000 from the prior year. The Special Revenue, Mental Health Fund balance decreased approximately \$642,000 from the prior year to approximately \$112,000 at year end.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$49,000 from the prior year to approximately \$574,000. The amount of Local Option Sales Tax (LOST) revenue allocated for rural services was approximately \$525,000, an increase of approximately \$27,000 over the prior year. Rural Services Fund expenditures increased approximately \$12,000 compared to the prior year.
- Special Revenue, Secondary Roads Fund revenue increased approximately \$438,000. Expenditures decreased approximately \$142,000 from the prior year, primarily due to a decrease in road and bridge projects paid for by the County. The Secondary Roads Fund balance decreased approximately \$22,000 to approximately \$3,739,000 at year end.
- Special Revenue, Local Option Sales Tax Fund expenditures decreased \$5,000 from the prior year. The Local Option Sales Tax Fund balance increased approximately \$549,000 to approximately \$3,374,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Carroll County amended its budget four times. The first amendment was made in September 2016 and resulted in an increase in budgeted disbursements of approximately \$96,000, related primarily to IT services, additional salary costs for Case Management and costs for the Preparedness Coalition.

The second amendment was made in December 2016. This amendment was made to increase budgeted disbursements approximately \$124,000, primarily due to the ambulance department capital fund.

The third amendment was made in April 2017. This amendment was made to increase budgeted disbursements approximately \$594,000, primarily due to the Preparedness Coalition and secondary roads capital construction and roadway maintenance.

The fourth amendment was made in May 2017. This amendment was made to increase budgeted disbursements approximately \$27,000, primarily due to jail department and conservation capital projects.

The County's receipts were approximately \$296,000 more than budgeted. Intergovernmental receipts were approximately \$179,000 more than budgeted, primarily due to an increase in road use taxes. Charges for service receipts were approximately \$118,000 less than budgeted, primarily due to a decrease in passport fees and sheriff mileage.

Total disbursements were approximately \$789,000 less than the final amended budget. Actual disbursements for roads and transportation, public safety and legal services, capital projects, physical health and social services and mental health were approximately \$155,000, \$149,000, \$132,000, \$110,000 and \$75,000, respectively, less than budgeted.

In the roads and transportation function, disbursements for equipment operations were \$154,764 less than budgeted due to fewer disbursements for repairs.

Public safety and legal services function disbursements were \$148,956 less than the amount budgeted, primarily due to staffing changes in the Sheriff department, a reduction in investigative services in the Attorney's office and health insurance adjustments.

Capital projects function disbursements were approximately \$132,000 less than budgeted as some of the projects were not completed or started as anticipated in fiscal year 2017.

Physical health and social services function disbursements were \$109,567 less than budgeted, primarily due to a reduction in substance abuse treatment and lower disbursements in the human services department.

Mental health function disbursements were approximately \$75,000 less than budgeted, primarily due to changes in the mental health department.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Carroll County had approximately \$37 million invested in a broad range of capital assets for governmental activities, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$677,000, or 1.8%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2017	2016
Land	\$ 1,829	1,829
Buildings	3,556	3,984
Improvements other than buildings	677	731
Equipment and vehicles	4,214	4,094
Infrastructure	24,940	25,041
Construction in progress	1,758	618
Total	\$ 36,974	36,297

The County had governmental activities depreciation expense of approximately \$2,247,000 in fiscal year 2017 and total accumulated depreciation of approximately \$34,775,000 at June 30, 2017.

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

Long-Term Debt

At June 30, 2017, Carroll County had \$78,453 in debt outstanding, compared to \$134,497 in debt outstanding at June 30, 2016.

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. Carroll County's constitutional debt limit is approximately \$113.1 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2018 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County in June 2017 was 2.5% versus 2.8% the previous year.

These indicators were taken into account when adopting the budget for fiscal year 2018. Amounts available for appropriation in the operating budget are approximately \$16.9 million, a decrease of 2.6% from the final fiscal year 2017 budget. The County added no major new programs or initiatives to the fiscal year 2018 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,596,000 by the close of fiscal year 2018.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Carroll 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 Carroll County Auditor's Office, 114 E. 6th Street, Carroll, Iowa 51401.

Basic Financial Statements

Carroll County

Carroll County
Statement of Net Position
June 30, 2017

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 8,960,882	46,380	9,007,262
Conservation Foundation	81,852	-	81,852
Receivables:			
Property tax:			
Delinquent	4,549	-	4,549
Succeeding year	6,576,000	-	6,576,000
Interest and penalty on property tax	67,106	-	67,106
Accounts, net of allowance for doubtful accounts of \$111,293	142,447	4,412	146,859
Accrued interest	5,405	-	5,405
Internal balances	288,982	(288,982)	-
Due from other governments	709,276	-	709,276
Inventories	1,472,896	-	1,472,896
Prepaid expenses	155,695	-	155,695
Capital assets - nondepreciable	3,586,848	25,500	3,612,348
Capital assets - depreciable, net of accumulated depreciation	33,387,390	851,637	34,239,027
Total assets	55,439,328	638,947	56,078,275
Deferred Outflows of Resources			
Pension related deferred outflows	1,470,596	-	1,470,596
Liabilities			
Accounts payable	468,440	2,772	471,212
Salaries and benefits payable	32,407	-	32,407
Due to other governments	8,961	-	8,961
Long-term liabilities:			
Portion due or payable within one year:			
Installment purchase agreement	47,709	-	47,709
Compensated absences	284,646	-	284,646
Portion due or payable after one year:			
Installment purchase agreement	30,744	-	30,744
Compensated absences	44,227	-	44,227
Net pension liability	3,690,451	-	3,690,451
Net OPEB liability	355,338	-	355,338
Total liabilities	4,962,923	2,772	4,965,695
Deferred Inflows of Resources			
Unavailable property tax revenue	6,576,000	-	6,576,000
Pension related deferred inflows	104,267	-	104,267
Total deferred inflows of resources	6,680,267	-	6,680,267
Net Position			
Net investment in capital assets	36,895,785	588,155	37,483,940
Restricted for:			
Supplemental levy purposes	207,557	-	207,557
Mental health purposes	110,098	-	110,098
Rural services purposes	566,914	-	566,914
Secondary roads purposes	3,500,774	-	3,500,774
Capital projects	34,850	-	34,850
Other purposes	3,611,150	-	3,611,150
Unrestricted	339,606	48,020	387,626
Total net position	\$ 45,266,734	636,175	45,902,909

See notes to financial statements.

Carroll County

Statement of Activities

Year ended June 30, 2017

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 3,788,667	965,196	316,554	-
Physical health and social services	1,075,919	194,454	220,477	-
Mental health	903,114	-	299,274	-
County environment and education	1,311,978	216,377	25,700	42,329
Roads and transportation	7,332,931	210,006	3,988,228	1,750,827
Governmental services to residents	584,509	400,871	-	-
Administration	1,928,015	23,076	-	-
Non-program	524,307	360,868	20,907	-
Interest on long-term debt	4,539	-	-	-
Total governmental activities	17,453,979	2,370,848	4,871,140	1,793,156
Business type activities:				
Sewer	52,412	50,536	-	-
Total	\$ 17,506,391	2,421,384	4,871,140	1,793,156

General Revenues and Transfers:

Property and other county tax levied for general purposes

Penalty and interest on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position beginning of year

Net position end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(2,506,917)	-	(2,506,917)
(660,988)	-	(660,988)
(603,840)	-	(603,840)
(1,027,572)	-	(1,027,572)
(1,383,870)	-	(1,383,870)
(183,638)	-	(183,638)
(1,904,939)	-	(1,904,939)
(142,532)	-	(142,532)
(4,539)	-	(4,539)
(8,418,835)	-	(8,418,835)
-	(1,876)	(1,876)
(8,418,835)	(1,876)	(8,420,711)
\$ 6,672,925	-	6,672,925
36,887	-	36,887
524,096	-	524,096
1,050,978	-	1,050,978
114,747	44	114,791
428,045	-	428,045
2,985	(2,985)	-
8,830,663	(2,941)	8,827,722
411,828	(4,817)	407,011
44,854,906	640,992	45,495,898
\$ 45,266,734	636,175	45,902,909

Carroll County
Balance Sheet
Governmental Funds

June 30, 2017

	Special		
	General	Mental Health	Rural Services
Assets			
Current assets:			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 2,499,021	82,455	515,525
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	3,859	690	-
Succeeding year	4,408,000	360,000	1,808,000
Interest and penalty on property tax	67,106	-	-
Accounts (net of allowance for doubtful accounts of \$111,293)	131,950	-	-
Accrued interest	4,732	-	-
Due from other funds	-	-	-
Due from other governments	177,239	30,288	62,055
Inventories	-	-	-
Prepaid expenditures	147,313	-	-
Non current assets:			
Due from other funds/advances to other funds	-	-	-
Total assets	\$ 7,439,220	473,433	2,385,580
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 101,881	307	868
Salaries and benefits payable	28,563	905	532
Advance from other funds	-	-	-
Due to other funds	1,346	-	1,750
Due to other governments	7,926	-	-
Total liabilities	139,716	1,212	3,150
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,408,000	360,000	1,808,000
Other	88,380	690	709
Total deferred inflows of resources	4,496,380	360,690	1,808,709
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	147,313	-	-
Restricted for:			
Supplemental levy purposes	235,169	-	-
Mental health purposes	-	111,531	-
Rural services purposes	-	-	573,721
Secondary roads purposes	-	-	-
Other purposes	-	-	-
Assigned for:			
County Attorney fine collections	31,905	-	-
Capital projects and equipment	-	-	-
Unassigned	2,388,737	-	-
Total fund balances	2,803,124	111,531	573,721
Total liabilities, deferred inflows of resources and fund balances	\$ 7,439,220	473,433	2,385,580

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
1,947,341	2,451,939	310,419	7,806,700
-	-	81,852	81,852
-	-	-	4,549
-	-	-	6,576,000
-	-	-	67,106
10,497	-	-	142,447
-	-	-	4,732
3,096	17,690	-	20,786
390,282	43,712	5,700	709,276
1,472,896	-	-	1,472,896
8,382	-	-	155,695
-	860,658	-	860,658
<u>3,832,494</u>	<u>3,373,999</u>	<u>397,971</u>	<u>17,902,697</u>
89,670	-	2,466	195,192
2,407	-	-	32,407
-	-	589,366	589,366
-	-	-	3,096
1,035	-	-	8,961
<u>93,112</u>	<u>-</u>	<u>591,832</u>	<u>829,022</u>
-	-	-	6,576,000
-	-	-	89,779
-	-	-	6,665,779
1,472,896	-	-	1,472,896
8,382	-	-	155,695
-	-	-	235,169
-	-	-	111,531
-	-	-	573,721
2,258,104	-	-	2,258,104
-	3,373,999	240,096	3,614,095
-	-	-	31,905
-	-	155,409	155,409
-	-	(589,366)	1,799,371
<u>3,739,382</u>	<u>3,373,999</u>	<u>(193,861)</u>	<u>10,407,896</u>
<u>3,832,494</u>	<u>3,373,999</u>	<u>397,971</u>	<u>17,902,697</u>

Carroll County

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

June 30, 2017

Total governmental fund balances (page 25) \$ 10,407,896

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 \$71,749,245 and the accumulated depreciation is \$34,775,007. 36,974,238

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. 89,779

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. 881,607

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 1,470,596	
Deferred inflows of resources	<u>(104,267)</u>	1,366,329

Long-term liabilities, including installment purchase agreement payable, compensated absences payable, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (4,453,115)

Net position of governmental activities (page 21) \$ 45,266,734

See notes to financial statements.

Carroll County

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

Year ended June 30, 2017

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,692,671	-	1,846,691
Local option sales tax	-	-	525,489
Interest and penalty on property tax	34,078	-	-
Tax increment financing	-	-	-
Intergovernmental	1,230,075	33,270	140,199
Licenses and permits	61,435	-	5,650
Charges for service	1,611,003	-	-
Use of money and property	144,228	-	-
Miscellaneous	87,641	34,295	-
Total revenues	7,861,131	67,565	2,518,029
Expenditures:			
Operating:			
Public safety and legal services	3,206,112	-	375,939
Physical health and social services	1,048,616	-	-
Mental health	203,417	709,248	-
County environment and education	894,653	-	161,616
Roads and transportation	-	-	25,000
Governmental services to residents	509,564	-	-
Administration	1,652,469	-	-
Non- program	55,947	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	7,570,778	709,248	562,555
Excess (deficiency) of revenues over (under) expenditures	290,353	(641,683)	1,955,474
Other financing sources (uses):			
Sale of capital assets	101,000	-	-
Transfers in	-	-	-
Transfers out	(350,946)	-	(1,906,500)
Total other financing sources (uses)	(249,946)	-	(1,906,500)
Change in fund balances	40,407	(641,683)	48,974
Fund balances beginning of year	2,762,717	753,214	524,747
Fund balances end of year	\$ 2,803,124	111,531	573,721

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
-	-	-	6,539,362
-	525,489	-	1,050,978
-	-	-	34,078
-	-	134,984	134,984
4,563,681	-	102,820	6,070,045
8,030	-	-	75,115
-	-	56,528	1,667,531
-	-	61,205	205,433
256,802	1,320	47,329	427,387
4,828,513	526,809	402,866	16,204,913
-	-	-	3,582,051
-	-	-	1,048,616
-	-	-	912,665
-	5,000	89,858	1,151,127
5,654,227	-	-	5,679,227
-	-	12,381	521,945
-	-	-	1,652,469
-	-	-	55,947
-	-	60,583	60,583
1,322,021	-	303,377	1,625,398
6,976,248	5,000	466,199	16,290,028
(2,147,735)	521,809	(63,333)	(85,115)
-	-	4,100	105,100
2,125,446	26,995	132,000	2,284,441
-	-	(24,010)	(2,281,456)
2,125,446	26,995	112,090	108,085
(22,289)	548,804	48,757	22,970
3,761,671	2,825,195	(242,618)	10,384,926
3,739,382	3,373,999	(193,861)	10,407,896

Carroll 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 29) \$ 22,970

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

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

Expenditures for capital assets	\$ 1,872,189	
Capital assets contributed by other governments	1,280,356	
Depreciation expense	<u>(2,246,994)</u>	905,551

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (227,886)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	(1,451)	
Other	<u>(38,725)</u>	(40,176)

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. 56,044

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. 509,267

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	15,231	
Other postemployment benefits	(25,765)	
Pension expense	<u>(575,521)</u>	(586,055)

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. (227,887)

Change in net position of governmental activities (page 23) \$ 411,828

See notes to financial statements.

Carroll County
Statement of Net Position
Proprietary Funds

June 30, 2017

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Assets		
Current assets:		
Cash and cash equivalents	\$ 46,380	1,154,182
Receivables:		
Accounts	4,412	-
Accrued interest	-	673
Capital assets, net of accumulated depreciation	877,137	-
Total assets	<u>927,929</u>	<u>1,154,855</u>
Liabilities		
Current liabilities:		
Accounts payable	2,772	273,248
Due to other funds	17,690	-
Long-term liabilities:		
Advances from other funds	271,292	-
Total liabilities	<u>291,754</u>	<u>273,248</u>
Net Position		
Net investment in capital assets	588,155	-
Unrestricted	48,020	881,607
Total net position	<u>\$ 636,175</u>	<u>881,607</u>

See notes to financial statements.

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

Year ended June 30, 2017

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	1,308,161
Reimbursements from others	-	164,505
Reimbursements from employees	-	240,413
Charges for service	50,536	-
Total operating revenues	<u>50,536</u>	<u>1,713,079</u>
Operating expenses:		
Medical claims	-	1,872,148
Administrative fees	-	74,353
Depreciation	26,161	-
Miscellaneous	24,931	-
Total operating expenses	<u>51,092</u>	<u>1,946,501</u>
Operating income (loss)	<u>(556)</u>	<u>(233,422)</u>
Non-operating revenues (expenses):		
Interest income	44	5,535
Miscellaneous	(1,320)	-
Total non-operating revenues (expenses)	<u>(1,276)</u>	<u>5,535</u>
Net (loss)	(1,832)	(227,887)
Transfers out	<u>(2,985)</u>	<u>-</u>
Change in net position	(4,817)	(227,887)
Net position beginning of year	<u>640,992</u>	<u>1,109,494</u>
Net position end of year	<u>\$ 636,175</u>	<u>881,607</u>

See notes to financial statements.

Carroll County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	1,370,164
Cash received from employees and others	-	404,918
Cash received from sewer fees	48,170	-
Cash paid to suppliers for services	(23,014)	(1,867,169)
Net cash provided (used) by operating activities	25,156	(92,087)
Cash flows from investing activities:		
Interest on investments	44	5,439
Cash flows from capital and related financing activities:		
Principal paid on interfund loan	(17,514)	-
Interest paid on interfund loan	(2,985)	-
Miscellaneous	(1,320)	-
Net cash used by capital and related financing activities	(21,819)	-
Net increase (decrease) in cash and cash equivalents	3,381	(86,648)
Cash and cash equivalents beginning of year	42,999	1,240,830
Cash and cash equivalents end of year	\$ 46,380	1,154,182
Reconciliation of operating (loss) to net cash provided (used) by operating activities:		
Operating (loss)	\$ (556)	(233,422)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	26,161	-
(Increase) decrease in accounts receivable	(2,366)	62,003
Increase in accounts payable	1,917	79,332
Net cash provided (used) by operating activities	\$ 25,156	(92,087)

See notes to financial statements.

Carroll County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,746,225
Other County officials	23,469
Receivables:	
Property tax:	
Delinquent	39,001
Succeeding year	23,519,000
Accounts	23,651
Due from other governments	51,075
	<u>25,402,421</u>

Total assets**Liabilities**

Accounts payable	3,626
Salaries and benefits payable	918
Due to other governments	25,379,013
Trusts payable	15,080
Compensated absences	3,784
	<u>25,402,421</u>

Total liabilities**Net position**

\$ -

See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2017

(1) Summary of Significant Accounting Policies

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

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

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

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

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail and the Conservation Education Center and were not included in the County's budget. The financial transactions of this component unit have been reported as a Special Revenue Fund.

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

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll Area Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Ambulance, Conservation and Development.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Local Option Sales Tax Fund is used to account for local option sales tax authorized by referendum and used in accordance with the referendum.

Additionally, the County reports the following proprietary funds:

Enterprise Funds are utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

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.

The following fiduciary funds are also reported:

Agency Funds are used to account for assets held by the County as an agency 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-restricted 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. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Land and buildings	25,000
Land improvements	10,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	30 - 50
Land improvements	10 - 30
Infrastructure	15 - 65
Intangibles	5 - 20
Equipment	2 - 40
Vehicles	4 - 10

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

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

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

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

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

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

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

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

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

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

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 an investment in the Iowa Public Agency Investment Trust which is valued at an amortized cost of \$185,454 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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

(3) Due From/Advances to and Due to/Advances from Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 1,346
	Special Revenue: Rural Services	<u>1,750</u>
		<u>3,096</u>
Local Option Sales Tax	Enterprise: Mt. Carmel Sewer	7,219
	Maple River Sewer	<u>10,471</u>
		<u>17,690</u>
Total		<u>\$ 20,786</u>

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

Not included above, and not expected to be repaid within one year, are interfund advances of \$160,617, with interest rates ranging from 1% to 3.375% over 25 years, and \$110,675, with interest rates ranging from 1% to 4.5% over 15 years, due from the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds, respectively, to the Special Revenue, Local Option Sales Tax Fund for repayment of long term interfund loans. The interfund advances will be repaid from user fees.

Also not included above, and not expected to be repaid within one year, is an interfund advance of \$589,366 due from the Special Revenue, Tax Increment Financing Fund to the Special Revenue, Local Option Sales Tax Fund for repayment of an interfund advance to the General Fund for tax increment financing purposes. The interfund advance will be repaid with tax increment financing collections.

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 218,946
	Special Revenue: Rural Services	<u>1,906,500</u>
		<u>2,125,446</u>
Special Revenue: Local Option Sales Tax	Special Revenue: Tax Increment Financing	24,010
	Enterprise: Mt. Carmel Sewer	1,717
	Maple River Sewer	<u>1,268</u>
		<u>26,995</u>
Capital Projects	General	<u>132,000</u>
Total		<u>\$ 2,284,441</u>

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

(5) Capital Assets

Governmental activities capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,828,881	-	-	1,828,881
Construction in progress	617,832	2,437,936	(1,297,801)	1,757,967
Total capital assets not being depreciated	2,446,713	2,437,936	(1,297,801)	3,586,848
Capital assets being depreciated:				
Buildings	7,034,714	-	(975,550)	6,059,164
Improvements other than buildings	760,224	-	(11,050)	749,174
Equipment and vehicles	10,311,883	796,960	(491,495)	10,617,348
Infrastructure, road network	47,800,673	1,297,801	-	49,098,474
Infrastructure, other	1,638,237	-	-	1,638,237
Total capital assets being depreciated	67,545,731	2,094,761	(1,478,095)	68,162,397
Less accumulated depreciation for:				
Buildings	3,050,511	167,886	(715,368)	2,503,029
Improvements other than buildings	29,577	45,785	(3,315)	72,047
Equipment and vehicles	6,217,873	634,451	(449,175)	6,403,149
Infrastructure, road network	24,179,479	1,362,467	-	25,541,946
Infrastructure, other	218,431	36,405	-	254,836
Total accumulated depreciation	33,695,871	2,246,994	(1,167,858)	34,775,007
Total capital assets being depreciated, net	33,849,860	(152,233)	(310,237)	33,387,390
Governmental activities capital assets, net	\$ 36,296,573	2,285,703	(1,608,038)	36,974,238

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 164,448
Physical health and social services		3,700
County environment and education		149,810
Roads and transportation		1,822,552
Governmental services to residents		37,320
Administration		69,164
Total depreciation expense - governmental activities		\$ 2,246,994

Business type activities capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 25,500	-	-	25,500
Capital assets being depreciated:				
Infrastructure	1,044,140	-	-	1,044,140
Less accumulated depreciation for:				
Infrastructure	166,342	26,161	-	192,503
Total capital assets being depreciated, net	877,798	(26,161)	-	851,637
Business type activities capital assets, net	\$ 903,298	(26,161)	-	877,137
Total depreciation expense - business type activities				\$ 26,161

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 7,926
Special Revenue:		
Secondary Roads	Services	1,035
Total for governmental funds		<u>\$ 8,961</u>
Agency:		
Agricultural Extension Education	Collections	\$ 225,729
County Assessor		836,646
Schools		13,174,488
Community Colleges		870,177
Corporations		8,789,291
Townships		288,920
Auto License and Use Tax		664,739
E-911 Service Commission		274,081
All other		254,942
Total for agency funds		<u>\$ 25,379,013</u>

(7) Long-Term Liabilities

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

	Installment Purchase Agreement	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Governmental activities:					
Balance beginning of year	\$ 134,497	344,104	2,662,414	329,573	3,470,588
Increases	-	281,718	1,028,037	129,455	1,439,210
Decreases	56,044	296,949	-	103,690	456,683
Balance end of year	<u>\$ 78,453</u>	<u>328,873</u>	<u>3,690,451</u>	<u>355,338</u>	<u>4,453,115</u>
Due within one year	<u>\$ 47,709</u>	<u>284,646</u>	-	-	<u>332,355</u>

Installment Purchase Agreement

In February 2014, the Carroll County Conservation Board entered into an installment purchase agreement with the Iowa Natural Heritage Foundation (Foundation) to purchase 11 acres, including the house and outbuildings, from the Foundation to be used for the Park Ranger’s home. Under the terms of the agreement, the County will make annual payments of \$50,583, which includes interest at 3.25% per annum, for 5 years.

A summary of the installment purchase agreement is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2018	3.25%	\$ 47,709	2,874	50,583
2019	3.25	30,744	-	30,744
Total		<u>\$ 78,453</u>	<u>2,874</u>	<u>81,327</u>

(8) Pension Plan

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

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

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

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

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

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

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

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

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll, for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County’s contributions to IPERS for the year ended June 30, 2017 totaled \$509,267.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of \$3,690,451 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 collective proportion was 0.058641%, which was an increase of 0.004751% from its collective proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$575,521. 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	\$ 30,433	83,496
Changes of assumptions	52,535	12,388
Net difference between projected and actual earnings on IPERS' investments	739,785	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	138,576	8,383
County contributions subsequent to the measurement date	509,267	-
Total	<u>\$ 1,470,596</u>	<u>104,267</u>

\$509,267 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	\$ 121,063
2019	121,062
2020	398,180
2021	220,300
2022	(3,543)
Total	<u>\$ 857,062</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

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

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

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

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

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

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 6,765,190	3,690,451	1,097,625

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 to IPERS by the County by June 30, 2017.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 106 active and 13 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under 65 may convert unused sick days to health insurance at retirement. Ten days of sick leave equals one month of single coverage up to a 12 month maximum. Otherwise, retirees under age 65 pay the same premium for the medical/ month prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 129,370
Interest on net OPEB obligation	13,183
Adjustment to annual required contribution	<u>(13,098)</u>
Annual OPEB cost	129,455
Contributions made	<u>(103,690)</u>
Increase in net OPEB obligation	25,765
Net OPEB obligation beginning of year	<u>329,573</u>
Net OPEB obligation end of year	<u>\$ 355,338</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the County contributed \$103,690 to the medical plan. Plan members eligible for benefits contributed \$96,347, or 48.1% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 129,442	80.11%	\$ 303,814
2016	129,449	80.10	329,573
2017	129,455	80.10	355,338

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 \$1,183,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,183,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,721,000 and the ratio of the UAAL to covered payroll was 25.1%. As of June 30, 2017, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the SOA RPH-2014 Total Dataset Mortality Table fully generational using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are \$576 per month for retirees and \$1,179 for retirees and spouse less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is 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 \$146,984.

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 and employee blanket bond in the amount of \$1,000,000 and \$100,000, 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.

(11) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee 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 \$1,308,161.

Amounts payable from the Internal Service Fund at June 30, 2017 total \$273,248, 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 \$881,607 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	\$ 193,916
Incurred claims (including claims incurred but not reported at June 30, 2017)	1,872,148
Payments on claims during the fiscal year	<u>1,792,816</u>
Unpaid claims end of year	<u>\$ 273,248</u>

(12) Revenue Bonds

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On November 22, 2006, the County issued \$6,575,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to finance a portion of the cost of the construction of a four-story addition to the hospital, to equip the addition and to add parking structures and a new surgery center. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

On December 1, 2008, the County issued \$1,400,000 of Facility Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of New Opportunities Inc. for the purchase of land and a building and to equip the building to be used as a Head Start/Outreach facility. The bonds are not a general obligation of the County, but are payable solely from the net revenues of New Opportunities, Inc. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

(13) Deficit Balance

The Special Revenue, Tax Increment Financing Fund had a deficit balance of \$589,366 at June 30, 2017. The deficit balance was a result of costs incurred prior to the availability of funds. The deficit will be eliminated with future tax increment financing collections.

(14) 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:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Coon Rapids	Urban renewal and economic development projects	\$ 11,286
City of Glidden	Urban renewal and economic development projects	\$ 381
City of Halbur	Urban renewal and economic development projects	\$ 241

(15) Carroll County Financial Information Included in the Rolling Hills Community Services Mental Health Region

Rolling Hills 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 2, 2016, includes the following member counties: Buena Vista, Calhoun, Cherokee, Crawford, Sac, Ida and Carroll County. The financial activity of Carroll County's Special Revenue, Mental Health Fund is included in the Rolling Hills Community Services Mental Health Region for the year ended June 30, 2017 as follows:

Revenues:		
Intergovernmental revenues:		
Payments from regional fiscal agent		\$ 33,270
Miscellaneous		<u>34,295</u>
Total revenues		<u>67,565</u>
Expenditures:		
General administration:		
Direct administration	\$ 26,843	
Purchased administration	13,112	
Distribution to regional fiscal agent	<u>669,293</u>	<u>709,248</u>
Deficiency of revenues under expenditures		(641,683)
Fund balance beginning of year		<u>753,214</u>
Fund balance end of year		<u>\$ 111,531</u>

(16) 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.

(17) 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.

Carroll County

Required Supplementary Information

Carroll County

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

Required Supplementary Information

Year ended June 30, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,808,727	-	7,808,727
Interest and penalty on property tax	34,078	-	34,078
Intergovernmental	6,031,733	69,282	5,962,451
Licenses and permits	58,323	-	58,323
Charges for service	1,658,043	-	1,658,043
Use of money and property	366,281	115	366,166
Miscellaneous	401,826	37,329	364,497
Total receipts	16,359,011	106,726	16,252,285
Disbursements:			
Public safety and legal services	3,588,543	-	3,588,543
Physical health and social services	1,075,132	-	1,075,132
Mental health	914,343	-	914,343
County environment and education	1,160,011	85,058	1,074,953
Roads and transportation	6,004,736	-	6,004,736
Governmental services to residents	521,564	-	521,564
Administration	1,656,536	-	1,656,536
Non-program	57,756	-	57,756
Capital projects	1,663,871	-	1,663,871
Total disbursements	16,642,492	85,058	16,557,434
Deficiency of receipts under disbursements	(283,481)	21,668	(305,149)
Other financing sources, net	(7,703)	-	(7,703)
Deficiency of receipts and other financing sources under disbursements and other financing uses	(291,184)	21,668	(312,852)
Balance beginning of year	8,179,736	121,666	8,058,070
Balance end of year	\$ 7,888,552	143,334	7,745,218

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,567,832	7,514,846	293,881
15,000	15,000	19,078
5,772,055	5,783,483	178,968
51,100	51,100	7,223
1,776,520	1,776,520	(118,477)
366,728	366,728	(562)
474,780	448,800	(84,303)
16,024,015	15,956,477	295,808
3,808,557	3,737,499	148,956
1,184,699	1,184,699	109,567
949,897	989,802	75,459
1,105,404	1,129,698	54,745
5,935,300	6,159,500	154,764
542,006	547,048	25,484
1,657,115	1,723,943	67,407
23,540	78,540	20,784
1,299,283	1,795,843	131,972
16,505,801	17,346,572	789,138
(481,786)	(1,390,095)	1,084,946
(119,369)	(119,369)	111,666
(601,155)	(1,509,464)	1,196,612
6,177,289	6,177,289	1,880,781
5,576,134	4,667,825	3,077,393

Carroll County

Carroll County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 16,359,011	(154,098)	16,204,913
Expenditures	16,642,492	(352,464)	16,290,028
Net	(283,481)	198,366	(85,115)
Other financing sources, net	(7,703)	115,788	108,085
Beginning fund balances	8,179,736	2,205,190	10,384,926
Ending fund balances	\$ 7,888,552	2,519,344	10,407,896

See accompanying independent auditor's report.

Carroll County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$840,771. The budget amendments are reflected in the final budgeted amounts.

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

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

Carroll 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	0.058641%	0.053890%	0.048499%
County's proportionate share of the net pension liability	\$ 3,690	2,662	1,923
County's covered-employee payroll	\$ 5,483	5,258	5,026
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	67.30%	50.63%	38.26%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Carroll County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 509	502	487	464
Contributions in relation to the statutorily required contribution	<u>(509)</u>	<u>(502)</u>	<u>(487)</u>	<u>(464)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 5,634	5,483	5,258	5,026
Contributions as a percentage of covered-employee payroll	9.03%	9.16%	9.26%	9.23%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
421	394	339	319	291	261
(421)	(394)	(339)	(319)	(291)	(261)
-	-	-	-	-	-
4,627	4,574	4,408	4,451	4,265	4,165
9.10%	8.61%	7.69%	7.17%	6.82%	6.27%

Carroll County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2017

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Carroll County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 898	898	0.0%	\$ 4,026	22.3%
2010	July 1, 2008	-	898	898	0.0	4,158	21.6
2011	July 1, 2008	-	898	898	0.0	4,132	21.7
2012	July 1, 2011	-	885	885	0.0	4,274	20.7
2013	July 1, 2011	-	885	885	0.0	4,144	21.4
2014	July 1, 2011	-	885	885	0.0	4,305	20.6
2015	July 1, 2014	-	1,183	1,183	0.0	4,473	26.4
2016	July 1, 2014	-	1,183	1,183	0.0	4,666	25.4
2017	July 1, 2014	-	1,183	1,183	0.0	4,721	25.1

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

See accompanying independent auditor's report.

Carroll County

Supplementary Information

Carroll County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2017

			Special
	Resource Enhancement and Protection	County Recorder's Records Management	Drainage Districts
Assets			
Current assets:			
Cash and pooled investments:			
County Treasurer	\$ 33,907	28,005	61,482
Conservation Foundation	-	-	-
Due from other governments	-	-	-
Total assets	\$ 33,907	28,005	61,482
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Advance from other funds	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted for other purposes	33,907	28,005	61,482
Assigned for capital projects and equipment	-	-	-
Unassigned	-	-	-
Total fund balances	33,907	28,005	61,482
Total liabilities and fund balances	\$ 33,907	28,005	61,482

See accompanying independent auditor's report.

Revenue			
Conservation Foundation	Tax Increment Financing	Capital Projects	Total
-		187,025	310,419
81,852	-	-	81,852
-	-	5,700	5,700
<u>81,852</u>	<u>-</u>	<u>192,725</u>	<u>397,971</u>
-		2,466	2,466
-	589,366	-	589,366
-	589,366	2,466	591,832
81,852	-	34,850	240,096
-	-	155,409	155,409
-	(589,366)	-	(589,366)
<u>81,852</u>	<u>(589,366)</u>	<u>190,259</u>	<u>(193,861)</u>
<u>81,852</u>	<u>-</u>	<u>192,725</u>	<u>397,971</u>

Carroll County

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

Year ended June 30, 2017

	Resource Enhancement and Protection	County Recorder's Records Management	Special Drainage Districts
Revenues:			
Tax increment financing	\$ -	-	-
Intergovernmental	16,409	-	69,282
Charges for service	-	4,114	-
Use of money and property	50	47	-
Miscellaneous	-	-	-
Total revenues	16,459	4,161	69,282
Expenditures:			
Operating:			
County environment and education	4,800	-	47,642
Governmental services to residents	-	12,381	-
Debt service	10,000	-	-
Capital projects	-	-	-
Total expenditures	14,800	12,381	47,642
Excess (deficiency) of revenues over (under) expenditures	1,659	(8,220)	21,640
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	1,659	(8,220)	21,640
Fund balances beginning of year	32,248	36,225	39,842
Fund balances end of year	\$ 33,907	28,005	61,482

See accompanying independent auditor's report.

Revenue			
Conservation Foundation	Tax Increment Financing	Capital Projects	Total
-	134,984	-	134,984
-	1,429	15,700	102,820
-	-	52,414	56,528
115	-	60,993	61,205
37,329	-	10,000	47,329
37,444	136,413	139,107	402,866
37,416	-	-	89,858
-	-	-	12,381
-	-	50,583	60,583
-	-	303,377	303,377
37,416	-	353,960	466,199
28	136,413	(214,853)	(63,333)
-	-	4,100	4,100
-	-	132,000	132,000
-	(24,010)	-	(24,010)
-	(24,010)	136,100	112,090
28	112,403	(78,753)	48,757
81,824	(701,769)	269,012	(242,618)
81,852	(589,366)	190,259	(193,861)

Schedule 3

Carroll County
Combining Schedule of Net Position
Nonmajor Proprietary Funds

June 30, 2017

	Enterprise		
	Mt. Carmel Sewer	Maple River Sewer	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 32,564	13,816	46,380
Accounts receivable	1,674	2,738	4,412
Capital assets, net of accumulated depreciation	316,331	560,806	877,137
Total assets	350,569	577,360	927,929
Liabilities			
Current liabilities:			
Accounts payable	10	2,762	2,772
Due to other funds	7,219	10,471	17,690
Long-term liabilities:			
Advances from other funds	160,617	110,675	271,292
Total liabilities	167,846	123,908	291,754
Net Position			
Net investment in capital assets	148,495	439,660	588,155
Unrestricted	34,228	13,792	48,020
Total net position	\$ 182,723	453,452	636,175

See accompanying independent auditor's report.

Carroll County

Combining Schedule of Revenues, Expenses and
Changes in Fund Net Position
Nonmajor Proprietary Funds

Year ended June 30, 2017

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Operating revenues:			
Charges for service	\$ 21,717	28,819	50,536
Operating expenses:			
Depreciation	9,495	16,666	26,161
Miscellaneous	4,370	20,561	24,931
Total operating expenses	13,865	37,227	51,092
Operating gain (loss)	7,852	(8,408)	(556)
Non-operating revenues (expenses):			
Interest income	29	15	44
Miscellaneous	(1,320)	-	(1,320)
Net non-operating revenues (expenses)	(1,291)	15	(1,276)
Net gain (loss)	6,561	(8,393)	(1,832)
Transfers out	(1,717)	(1,268)	(2,985)
Change in net position	4,844	(9,661)	(4,817)
Net position beginning of year	177,879	463,113	640,992
Net position end of year	\$ 182,723	453,452	636,175

See accompanying independent auditor's report.

Carroll County

Carroll County

Combining Schedule of Cash Flows
Nonmajor Proprietary Funds

Year ended June 30, 2017

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Cash flows from operating activities:			
Cash received from sewer fees	\$ 20,673	27,497	48,170
Cash paid to suppliers for services	(4,368)	(18,646)	(23,014)
Net cash provided by operating activities	16,305	8,851	25,156
Cash flows from investing activities:			
Interest on investments	29	15	44
Cash flows from capital and related financing activities:			
Principal paid on interfund loan	(7,147)	(10,367)	(17,514)
Interest paid on interfund loan	(1,717)	(1,268)	(2,985)
Miscellaneous	(1,320)	-	(1,320)
Net cash (used) by capital and related financing activities	(10,184)	(11,635)	(21,819)
Increase (decrease) in cash and cash equivalents	6,150	(2,769)	3,381
Cash and cash equivalents beginning of year	26,414	16,585	42,999
Cash and cash equivalents end of year	\$ 32,564	13,816	46,380
Reconciliation of operating gain (loss) to net cash provided by operating activities:			
Operating gain (loss)	\$ 7,852	(8,408)	(556)
Adjustments to reconcile operating gain (loss) to net cash provided by operating activities:			
Depreciation	9,495	16,666	26,161
(Increase) in accounts receivable	(1,044)	(1,322)	(2,366)
Increase in accounts payable	2	1,915	1,917
Net cash provided by operating activities	\$ 16,305	8,851	25,156

See accompanying independent auditor's report.

Carroll County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,515	482,489	80,980
Other County officials	23,469	-	-	-
Receivables:				
Property tax:				
Delinquent	-	214	469	13,508
Succeeding year	-	224,000	357,000	13,080,000
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 23,469	225,729	839,958	13,174,488
Liabilities				
Accounts payable	\$ -	-	21	-
Salaries and benefits payable	-	-	-	-
Due to other governments	8,389	225,729	836,646	13,174,488
Trusts payable	15,080	-	-	-
Compensated absences	-	-	3,291	-
Total liabilities	\$ 23,469	225,729	839,958	13,174,488

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E-911 Service Commission	Other	Total
6,313	61,349	1,920	664,739	202,560	244,360	1,746,225
-	-	-	-	-	-	23,469
864	23,942	-	-	-	4	39,001
863,000	8,704,000	287,000	-	-	4,000	23,519,000
-	-	-	-	23,651	-	23,651
-	-	-	-	51,075	-	51,075
870,177	8,789,291	288,920	664,739	277,286	248,364	25,402,421
-	-	-	-	3,205	400	3,626
-	-	-	-	-	918	918
870,177	8,789,291	288,920	664,739	274,081	246,553	25,379,013
-	-	-	-	-	-	15,080
-	-	-	-	-	493	3,784
870,177	8,789,291	288,920	664,739	277,286	248,364	25,402,421

Carroll County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

Assets and Liabilities	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
Balances beginning of year	\$ 22,882	232,384	780,839	12,386,501
Additions:				
Property and other county tax	-	206,683	322,967	12,131,244
E-911 surcharge	-	-	-	-
State tax credits	-	24,722	48,039	1,310,218
Office fees and collections	513,646	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	367,905	-	-	-
Miscellaneous	-	-	-	-
Total additions	881,551	231,405	371,006	13,441,462
Deductions:				
Agency remittances:				
To other funds	213,187	-	-	-
To other governments	272,719	238,060	311,887	12,653,475
Trusts paid out	395,058	-	-	-
Total deductions	880,964	238,060	311,887	12,653,475
Balances end of year	\$ 23,469	225,729	839,958	13,174,488

See accompanying independent auditor's report.

Community			Auto License and Use Tax	E-911 Service Commission	Other	Total
Colleges	Corporations	Townships				
958,453	9,121,980	288,883	678,521	281,090	287,125	25,038,658
789,886	7,658,952	268,730	-	-	3,962	21,382,424
-	-	-	-	362,196	-	362,196
101,552	1,169,517	23,029	-	-	458	2,677,535
-	-	-	-	-	-	513,646
-	-	-	7,884,659	-	-	7,884,659
-	-	-	-	-	99,568	99,568
-	-	-	-	-	-	367,905
-	-	-	-	-	62,129	62,129
891,438	8,828,469	291,759	7,884,659	362,196	166,117	33,350,062
-	-	-	228,417	-	-	441,604
979,714	9,161,158	291,722	7,670,024	366,000	204,878	32,149,637
-	-	-	-	-	-	395,058
979,714	9,161,158	291,722	7,898,441	366,000	204,878	32,986,299
870,177	8,789,291	288,920	664,739	277,286	248,364	25,402,421

Carroll County

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

For the Last Ten Years

				<u>Modified</u>
	2017	2016	2015	2014
Revenues:				
Property and other county tax	\$ 6,539,362	6,504,332	6,239,703	5,870,310
Local option sales tax	1,050,978	997,138	1,092,056	1,055,930
Interest and penalty on property tax	34,078	25,083	28,032	22,003
Tax increment financing	134,984	43,572	-	-
Intergovernmental	6,070,045	5,725,819	4,957,337	4,886,510
Licenses and permits	75,115	56,463	55,213	44,451
Charges for service	1,667,531	1,861,073	1,801,281	1,634,638
Use of money and property	205,433	211,263	225,710	231,421
Miscellaneous	427,387	520,405	566,244	499,422
Total	\$ 16,204,913	15,945,148	14,965,576	14,244,685
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,582,051	3,590,421	3,569,328	3,344,865
Physical health and social services	1,048,616	1,121,709	1,193,588	1,075,949
Mental health	912,665	1,003,072	1,392,640	964,464
County environment and education	1,151,127	1,192,122	1,097,888	1,704,753
Roads and transportation	5,679,227	6,000,217	4,825,381	4,986,582
Governmental services to residents	521,945	507,629	484,554	552,602
Administration	1,652,469	1,540,685	1,524,872	1,583,014
Non-program	55,947	-	-	-
Debt service	60,583	50,583	40,000	-
Capital projects	1,625,398	1,807,914	391,296	1,228,060
Total	\$ 16,290,028	16,814,352	14,519,547	15,440,289

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
6,078,653	6,069,392	6,640,519	6,249,428	6,151,523	5,862,009
955,398	994,372	1,043,680	916,542	945,460	811,247
29,747	24,187	28,684	32,778	18,935	41,163
31,711	34,014	35,999	35,688	36,999	-
4,246,548	5,660,948	6,973,234	5,991,574	5,238,692	5,487,048
44,326	86,892	104,508	101,193	146,138	124,602
1,784,399	1,648,902	1,529,771	1,658,603	1,646,789	1,761,086
213,871	278,273	243,609	260,454	321,974	442,342
802,490	622,010	794,981	874,176	694,645	704,791
14,187,143	15,418,990	17,394,985	16,120,436	15,201,155	15,234,288
3,119,880	2,907,030	2,856,102	2,758,548	2,653,229	2,539,995
1,017,939	1,099,826	1,137,806	1,132,825	1,039,186	980,801
943,930	2,740,975	2,249,772	2,156,469	2,625,463	3,103,527
1,032,380	1,203,695	1,076,566	1,181,604	1,122,372	1,082,863
4,330,395	4,801,195	4,818,013	4,546,295	3,775,781	3,758,266
558,483	448,130	418,624	415,692	464,272	440,751
1,489,117	1,489,098	1,352,842	1,323,946	1,277,280	1,215,715
-	9,108	865,220	148,626	134,675	233,406
-	-	78,602	90,409	91,002	127,520
787,796	1,104,752	1,451,355	1,267,519	559,096	648,873
13,279,920	15,803,809	16,304,902	15,021,933	13,742,356	14,131,717

Carroll County



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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 Carroll 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, the business type activities, each major fund and the aggregate remaining fund information of Carroll 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 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Carroll County's Responses to the Findings

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


MARY MOSIMAN, CPA
Auditor of State

March 26, 2018

Carroll County

Schedule of Findings

Year ended June 30, 2017

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Carroll County Ambulance Department

Criteria – An effective internal control system provides for internal controls related to reconciling ambulance service billings, collections, and receivables to ensure the accuracy of ambulance service collections and receivables. Also, effective internal control systems provide for written documentation of the independent approval of accounts receivable written off as uncollectable.

Condition – The Ambulance Department bills for services provided. The majority of collections for those services are remitted directly to the County Treasurer's Office. The County Treasurer's Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. During the year, the County Treasurer's Office attempted to reconcile the collections recorded in the Ambulance Department's accounts receivable system with the actual collections recorded by the County Treasurer in total each month, but unexplained variances existed.

In addition, written documentation of the independent approval of accounts receivable written off as uncollectable is not maintained. Also, accounts receivable balances and receipts from the collection agency are not reconciled by the Ambulance Department.

Cause – Policies have not been established and procedures have not been implemented to reconcile ambulance service billings, collections and receivables.

Effect – This condition could result in unrecorded or misstated ambulance service revenues and receivables.

Recommendation – A reconciliation of ambulance service billings, collections and receivables should be prepared monthly and compared to county treasurer's records. Variances should be researched and explanations of variances should be included for the reconciling items. An independent person should review the reconciliations and monitor receivables. The review should be documented by the signature or initials of the reviewer and the date of the review. The Ambulance Department should maintain written documentation of the independent approval of accounts receivable which are written off. Also, collection agency receipts should be recorded and accounts receivable balances reconciled by the Ambulance Department.

Response – The Ambulance Department will work with the County Treasurer's office to meet their recommendations to the best of our ability.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2017

(B) Board of Health

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.

In addition, an effective internal control system provides for internal controls related to reconciling Medicaid and nursing service billings, collections and receivables to ensure the accuracy of Medicaid and nursing service collections and receivables.

Condition – One individual has custody of receipts and performs all record keeping duties. In addition, a reconciliation of Medicaid and nursing service billings, collections and receivables was not prepared each month.

Cause – The Board 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. In addition, policies have not been established and procedures have not been implemented to reconcile Medicaid and nursing service billings to ensure the accuracy of Medicaid and nursing service collections and receivables.

Effect – Inadequate segregation of duties could adversely affect the County’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions. Also, a lack of reconciliations could result in unrecorded or misstated Medicaid and nursing service collections and/or receivables.

Recommendation – The Board should review the control activities of the office to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control. In addition, a reconciliation of Medicaid and nursing service billings, collections and receivables should be prepared monthly. An independent person should review the reconciliation and monitor receivables. The review should be documented by the signature or initials of the reviewer and the date of the review.

Response – Segregation of duties is difficult to do because we are a small department of only 9 people. For reconciliation of receivables, an excel spreadsheet is used to show the amount billed and the amount received.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2017

(C) County Sheriff

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 – Two employees collect cash, record deposits and reconcile daily cash receipts. There is no evidence of independent review of the bank reconciliations. Also, activity of the Commissary account is not segregated and there is no evidence of an independent review.

Cause – The Sheriff'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 County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The Sheriff's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response – This being a small office with a limited number of employees, makes it difficult, if not almost impossible, to segregate duties. I am open to any and all suggestions the auditors may have.

Conclusion – Response acknowledged. Duties should be segregated to the extent possible under the circumstances. The Office should consider using other County employees or officials to provide additional control.

(D) County Recorder

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 – All three individuals in the Recorder's Office collect cash, prepare the deposit and prepare the monthly bank reconciliations.

Carroll County

Schedule of Findings

Year ended June 30, 2017

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 County’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The Recorder’s Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response – The Recorder’s office is a two full time employee office. The Recorder and clerk cross check deposits, monthly bank statements and daily spreadsheets.

Conclusion – Response acknowledged. Duties should be segregated to the extent possible under the circumstances. The Office should consider using other County employees or officials to provide addition control.

(E) County Conservation

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 – One individual in the Conservation Department opens mail, records receipts, prepares the deposit and prepares the monthly bank reconciliations.

Cause – The Conservation Department 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 County’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The Conservation Department should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control through review of financial transactions, reconciliations and reports.

Response – As a small department with limited staff, we will continue to try and segregate duties as much as possible. The Conservation Board Director will continue to review receipts, deposits and reconciliations prepared by the Office Manager to help mitigate any potential risk.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2017

(F) Approval of Payroll

Criteria – An effective internal control system provides for internal controls related to preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days and provide an accurate record of hours worked. Supervisory review of timesheets can help ensure the accuracy of recorded hours worked.

Condition – Department Heads approve timesheets at the end of each pay period. However, there is no formal documentation of their approval. Also, there is no evidence of an immediate supervisor's approval for leave time prior to taking leave.

The Conservation and Secondary Roads Departments' electronic timesheets have no evidence of an employee signature or supervisor approval. Also, two employees in the Sheriff's Office and employees of the County Attorney's Office do not submit time reports to the Auditor's Office.

In addition, the Secondary Roads Department pays employees based on estimated hours. Adjustments are then made to amounts paid after actual hours are known. There is no independent review for the adjustments made for actual hours worked.

Cause – Policies have not been established and procedures have not been implemented to require all employees and departments, including salaried employees, to prepare timesheets or to require timesheets be reviewed and approved by supervisory personnel.

Effect – The lack of a documented supervisory review process increases the probability staff errors in recording hours or leave will go undetected.

When an employee retires or otherwise leaves employment and claims a payout, the County needs support to provide assurance the claim is proper. Without maintaining detailed records, the County may not have the ability to support the claim. In addition, without detailed records, the County may not have the support necessary to ensure compliance with the Fair Labor Standards Act.

Recommendation – Timesheets should be submitted to the County Auditor's office prior to the processing of payroll each pay period. Timesheets should be signed by the employee and supervisor prior to submission. Timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days. Also, leave time should be approved prior to taking leave. Adjustments made to Secondary Roads Department employee's pay should be independently reviewed and documented.

Response – The County has a system in place which addresses these concerns and we will address individual department heads as to this requirement. The County is also looking at different options for tracking time.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2017

(G) Prepaid Gift Cards for Sheriff

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all purchases and ensuring all purchases are properly supported, reviewed and approved.

Condition – The County Jail used gift cards to pay for daily jail supplies. The Board of Supervisors approved the purchase of the gift cards. However, individual items purchased were not reviewed and approved by the Board.

Cause – Procedures have not been designed and implemented to regulate the use of gift cards.

Effect – Lack of written policies and procedures to regulate the use of gift cards could result in unauthorized and unsupported transactions and the opportunity for misappropriation of funds.

Recommendation – Prepaid gift cards should not be used for the purchase of County jail supplies. All expenditures for the County Sheriff's Office should be paid through claims approved by the Board of Supervisors and reflected in the County's accounting system, County budget and annual financial reports. Also, invoices should be on file to support all expenditures.

Response – We are no longer using the prepaid gift cards. All purchases will be on a department credit card.

Conclusion – Response accepted.

(H) Tobacco Buy Fund

Criteria – Internal controls over safeguarding assets constitute a process, affected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The Sheriff's Office maintains a tobacco buy fund. The fund is not being appropriately recorded and maintained. The balance on hand at the time of a count did not reconcile to the hand written log being maintained by the Sheriff's Office.

Cause – Adoption of a formal policy to appropriately record the funds and maintain these records has not been prioritized by the Sheriff's department. Lack of supporting documentation is the result of a lack of policies and procedures requiring proper support for these funds.

Effect – Lack of written policies and procedures to regulate the use of the tobacco buy fund result in unrecorded transactions and the opportunity for misappropriation.

Carroll County

Schedule of Findings

Year ended June 30, 2017

Recommendation – The Sheriff's Office should develop a system to track usage of the tobacco buy fund and reconcile amounts on hand to the log maintained.

Response – The Sheriff's Office is using an excel spreadsheet to track usage.

Conclusion – Response accepted.

(I) County Extension Office

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 – One or two individuals in the County Extension Office records receipts, prepares the deposit and prepares the monthly bank reconciliations.

Cause – The County Extension 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 County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The County Extension Office should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control through review of financial transactions, reconciliations and reports.

Response – We are aware segregation of duties is very important and have developed the following strategy to help mitigate any losses in regards to the bank reconciliation preparation. As it is not feasible with the amount of staff available to have an independent person prepare the bank reconciliations, we will implement a review process.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2017

(J) Supporting Documentation

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – Invoices and other supporting documentation were not always available to support disbursements for the County Attorney’s Office. The County pays monthly for office space occupied by the County Attorney, however, there is no written agreement for this arrangement. In addition, the County Attorney does not provide original invoices to the Auditor’s Office for review and approval.

Cause – Supporting documentation was not always maintained for each disbursement paid by the County.

Effect –Lack of supporting documentation for all disbursements could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – All disbursements should be supported by invoices or other supporting documentation.

Response – The County will continue to implement thorough review of disbursements.

Conclusion – Response accepted.

On July 27, 2017, the Office of Auditor of State issued a Report on Special Investigation of the Permit to Carry Weapons Classes Administered by the Carroll County Sheriff’s Office. The report included the following comments:

- A) Undeposited Fees – The County has chosen to no longer offer such classes, and therefore would no longer be collecting fees for the classes.
- B) Personal Use of County Equipment – No policies have yet been established regarding the personal use of County equipment.
- C) Code Compliance – The County is no longer involved in providing the training courses.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Carroll County

Schedule of Findings

Year ended June 30, 2017

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
John Werden Jr.	Reimbursement for 2017 Maintenance Fee Assessment for personal time share at West Oaks in Arnolds Park, Iowa. Description was "Reimbursement for lodging at continuing education program Arnold's Park, Iowa for Iowa County Attorney's Association annual meeting."	\$ 545
Card Center	Ambulance repairs which included sale tax	87
Bierl Carpet One	Flooring for Attorney's office which is rented on a month to month basis	<u>4,990</u>
		<u>\$ 5,622</u>

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

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

Response – The County Attorney has been notified of this finding.

Conclusion – Response accepted.

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

Carroll County

Schedule of Findings

Year ended June 30, 2017

- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Louie Grote, Veterans Affairs Director, owner of LNC Computers	IT services	\$ 39,461
Mark Beardmore, Former Board of Supervisors, manager at Wittrock Motors	Auto services and repair	404
Joann Martin, Auditor's Office, wife of Steve Hoogestraat, independent contractor	Sanitarian contract labor	9,115
Pat Gray, Ambulance Director, death investigator	Medical exam investigations	2,950
Alan Brinks, Secondary Roads employee, independent contractor	Mowing	1,395
Jean Seidl, Treasurer's Office, wife of Mike Seidl, owner of Seidl Construction	Mowing/spraying	720
Dan Heiman, Conservation, father of Justin Heiman, self-employed Farmer	Hay bales	470
Emily Loew, Auditor's Office, wife of Mike Loew, owner of Loew's Carpet and Vinyl Sales	Carpet installation	3,832
Roseanna Schulte, Treasurer's Office, wife of LeRoy Schulte, employee at Computer Repair and Service	Internet repair	207
Brooke Bruning, Treasurer's Office, daughter-in-law of owners of Bruning Oil	Tire repair/auto repair	14,402
Zach Niehaus, maintenance employee, independent contractor	Snow removal	45
Rae Ann Meyer, Ambulance employee, independent contractor	Medical exam investigations	150
Joseph Boell, Secondary Roads employee, grandfather of Blake Boell, independent contractor	Mowing	630

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with LNC Computers and Loew's Carpet and Vinyl Sales do not represent a conflict of interest since the services were competitively bid.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Steve Hoogestraat, Pat Gray and Bruning Oil do not appear to represent conflicts of interest since the Auditor's Office, Ambulance Department and Treasurer's Office employees' employment is not directly affected as a result of the contract.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Wittrock Motors, Alan Brincks, Seidl Construction, Justin Heiman, Computer Repair and Service, Zach Niehaus, Rae Ann Meyer and Blake Boell do not appear to represent conflicts of interest since total transactions with each did not exceed \$1,500 during the fiscal year.

- (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.

Carroll County

Schedule of Findings

Year ended June 30, 2017

- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County 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) Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1.
- (10) Financial Condition – The Special Revenue, Tax Increment Financing Fund had a deficit fund balance of \$589,366 at June 30, 2017.

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

Response – The deficit balance will be reduced in fiscal year 2018 with tax increment financing collections from the County urban renewal area.

Conclusion – Response accepted.

- (11) 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.

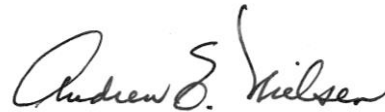
Disbursements during the year ended June 30, 2017 for the County Extension Office did not exceed the amount budgeted.

Carroll County

Staff

This audit was performed by:

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