

**ALLAMAKEE COUNTY
WAUKON, IOWA**

FINANCIAL REPORT

JUNE 30, 2015

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ALLAMAKEE COUNTY

OFFICIALS
JUNE 30, 2015

Before November 2014 Election		
Name	Title	Term Expires
Larry Schellhammer	Supervisor	January 2015
Dennis Koenig	Supervisor	January 2017
Sherry Strub	Supervisor	January 2015
Denise Beyer	County Auditor	January 2017
Lori Hesse	County Treasurer	January 2015
Deb Winke	County Recorder	January 2015
Clark Mellick	County Sheriff	January 2017
Jill Kistler	County Attorney	January 2015
Ann Burckart	County Assessor	Appointed

After November 2014 Election		
Name	Title	Term Expires
Larry Schellhammer	Supervisor	January 2019
Dennis Koenig	Supervisor	January 2017
Dan Byrnes	Supervisor	January 2019
Denise Beyer	County Auditor	January 2017
Lori Hesse	County Treasurer	January 2019
Deb Winke	County Recorder	January 2019
Clark Mellick	County Sheriff	January 2017
Jill Kistler	County Attorney	January 2019
Ann Burckart	County Assessor	Appointed

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Supervisors
Allamakee County
Waukon, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as 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 entity'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 entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County, as of June 30, 2015, and the respective changes in financial position, for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 17 to the financial statements, Allamakee County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 5f, the budgetary comparison information, the schedule of the county's proportionate share of the net pension liability, the schedule of the county contributions, and the schedule of funding progress for the retiree health plan on pages 35 through 41 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, who 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Allamakee County's June 30, 2015 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 six years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on the financial statements for the 2011, 2012, 2013 and 2014 fiscal years.

We expressed a qualified opinion on the governmental activities for the 2010 fiscal year due to the omission of OPEB reporting and disclosures. We expressed unmodified opinion on each major fund and the aggregate remaining fund information for the 2010 fiscal year. We expressed a qualified opinion on the governmental activities and special revenue major fund-secondary roads for the 2009 fiscal year due to the scope limitation on valuation of inventory. We expressed unmodified opinion on each major fund, except special revenue fund-secondary roads, and the aggregate remaining fund information for the 2009 fiscal year.

The supplementary information included in Schedules 1 through 9, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 9 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. The financial statements of Allamakee County for the years ended June 30, 2006 through 2008 were audited by other auditors who expressed unmodified opinions on those financial statements. Their reports on the information presented on page 48 related to 2006 through 2008 financial statements stated that, in their opinion, such information was fairly stated in all material respects in relation to the 2006 through 2008 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 February 3, 2016, on our consideration of Allamakee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Allamakee County's internal control over financial reporting and compliance.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
February 3, 2016

ALLAMAKEE COUNTY
WAUKON, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015

Management of Allamakee County provides this management's discussion and analysis of Allamakee County's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 11.94% or approximately \$1,671,000 from fiscal 2014 to fiscal 2015. General revenues increased approximately \$755,000. The increase was primarily due to an increase in property tax revenues, which resulted from increased property valuations and during the prior fiscal year several thousand dollars of interest and penalties were written off by the County in agreement with a court settlement to receive payment on delinquent property taxes. Capital grants decreased approximately \$2,121,000. The decrease was primarily due to no completed infrastructure projects being let and paid at the state level during the fiscal year.
- Program expenses were 0.47% or approximately \$56,000 less in fiscal 2015 than in fiscal 2014. Mental health expenses increased approximately \$231,000 and roads and transportation expenses decreased approximately \$291,000.
- The County's net position increased 2.51% or approximately \$636,000 from June 30, 2014 to June 30, 2015.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and other information. These statements are organized so the reader can understand Allamakee County as a financial whole, or as an entire operating entity.

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 Allamakee County as a whole and present an overall view of the County's finances and a longer-term view of those 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 Allamakee County's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Allamakee County, the general fund, the rural services-special revenue fund, the secondary roads-special revenue fund, and the Waukon Area Fire Protection District-special revenue fund are the most significant funds. The remaining financial statements provide information about activities for which Allamakee County acts solely as an agent or custodian for the benefit of those outside of the government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of funding progress for the retiree health plan.

Supplementary information provides detailed information about the nonmajor governmental and the individual agency funds. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY AS A WHOLE

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 other non-program activities. Property tax, state tax credits and state and federal grants finance most of these activities.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses different funds in accordance with the Uniform Financial Accounting for Iowa County Governments to record its financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, the rural services-special revenue fund, the secondary roads-special revenue fund, and the Waukon Area Fire Protection District-special revenue fund.

Governmental Funds

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 rural services, secondary roads, and the Waukon Area Fire Protection District, 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.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

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 emergency management services, the County Assessor, and E911 Service Board, 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 follows 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. The analysis that follows focuses on the changes in the net position of governmental activities:

Condensed Statement of Net Position (Expressed in Thousands)			
Governmental Activities			
	2015	2014*	Percent Change
Current and other assets	\$ 14,187	\$ 12,767	11.12%
Capital assets	21,526	21,492	0.16%
Total assets	35,713	34,259	4.24%
Deferred outflows of resources	507		100.00%
Current liabilities	898	662	35.65%
Noncurrent liabilities	2,556	99	2481.82%
Total liabilities	3,454	761	353.88%
Deferred inflows of resources	6,822	5,767	18.29%
Net position			
Net investment in capital assets	21,492	21,423	0.32%
Restricted	4,753	4,494	5.76%
Unrestricted (deficit)	(301)	1,814	-116.59%
Total net position	\$ 25,944	\$ 27,731	-6.44%

* Not restated

Allamakee County's net position increased from fiscal 2014 to fiscal 2015. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The County's restricted net position increased approximately \$259,000, or 5.76%, over the prior year. The increase was primarily a result of increased road use tax and local option sales tax revenues in the secondary roads and rural services special revenue funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Unrestricted net position-the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased for the governmental activities approximately \$2,115,000 or 116.59%. The reduction in unrestricted net position was primarily due to the restatement of net pension liability.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$2,421,845 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense, which is more reflective of the amounts employees earned during the year.

	Changes in Net Position (Expressed in Thousands)		
	Governmental Activities		
	2015	2014*	Percent Change
Revenues:			
Program revenue			
Charges for service	\$ 380	\$ 385	-1.30%
Operating grants	4,009	4,309	-6.96%
Capital grants	384	2,504	-84.66%
General revenue			
Property taxes	6,413	5,876	9.14%
Local option sales tax	403	315	27.94%
Penalty and interest on property taxes	52	58	-10.34%
State tax credits	377	291	29.55%
Rents	50	84	-40.48%
Unrestricted investment earnings	75	46	63.04%
Other	177	122	-45.08%
Total revenues	<u>12,320</u>	<u>13,990</u>	<u>-11.94%</u>
Program expenses:			
Public safety and legal services	1,566	1,526	2.62%
Physical health and social services	621	672	-7.59%
Mental health	1,159	928	24.89%
County environment and education	906	1,032	-12.21%
Roads and transportation	5,741	6,032	-4.82%
Governmental services to residents	457	436	4.82%
Administration	1,152	985	16.95%
Non-program	59	128	-53.91%
Long-term debt interest	23		100.00%
Total expenses	<u>11,684</u>	<u>11,739</u>	<u>-0.47%</u>
Increase in net position	636	2,251	71.75%
Net position beginning of year, as restated	<u>25,308</u>	<u>25,480</u>	<u>-0.68%</u>
Net position end of year	\$ <u>25,944</u>	\$ <u>27,731</u>	<u>-6.44%</u>

* Not restated

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$6,577,119, approximately \$759,000 increase of the 2014 fiscal year end balance of \$5,818,174.

- The general fund revenues increased 3.37% from the prior year, and the expenditures decreased by 4.68% from the prior year. The ending fund balance showed an increase of 7.43% from the prior year of \$2,160,236 to \$2,320,757. During the fiscal year, the Board of Supervisors pledged \$400,000 towards interim construction costs of a Public Safety Center.
- The ending fund balance for the rural services fund increased by \$173,887 or 26.48% over the prior year. The increase is primarily due to an increase in property tax revenue of 3.94% and local option sales tax of 24.77%.
- Secondary roads fund revenues increased approximately \$515,000 over the prior year. The increase is primarily due to increases in local option sales tax and road use tax revenues. For the year, expenditures totaled \$4,952,859 an increase of \$135,718. The secondary roads fund ending fund balance increased \$756,576 after \$1.5 million in transfers from the general fund and the rural services–special revenue fund.
- During the year ended June 30, 2015, the County entered into notes payable agreements on behalf of eight townships for the purpose of providing funds to pay a portion of the cost of the construction of a fire station by the Waukon Area Fire Protection District. The proceeds from the notes and subsequent payment to the Fire District were recorded in the Waukon Area Fire Protection District-special revenue fund.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget twice. The amendments were made on July 29, 2014 and May 18, 2015 and resulted in an increase in public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, and capital project disbursements. However, this did not require an increase in taxes as the County received more revenue from charges for service and miscellaneous receipts than originally projected.

The County's total receipts were \$1,265,771 less than the amended budget, a variance of 9.26%. The most significant variance resulted from the County receiving less in intergovernmental revenues from the scenic byway grant for the construction of the Driftless Area Visitor Center, which was still in planning stages during the fiscal year.

Total disbursements were \$3,330,738 less than the amended budget. Actual disbursements for county environment and education, roads and transportation, and capital projects were \$1,856,164, \$227,144, and \$605,813, respectively, less than budgeted. This was primarily due to plans for construction projects not progressing as anticipated for the Driftless Area Visitor Center, Mississippi River Trail and various roadway projects.

The amendments made during the 2015 fiscal year should have no impact on the 2016 fiscal year's budget.

BUDGETARY HIGHLIGHTS (Continued)

The following chart shows the original and final amended budget for fiscal 2015 as well as the actual receipts and disbursements for the year:

	Budgetary Comparison Schedule (Expressed in Thousands)			
	Budget Basis	Budget Amounts		Variance
		Original	Final	
RECEIPTS				
Property and other County tax	\$ 6,783	\$ 6,615	\$ 6,685	\$ 98
Interest and penalty on property tax	52			52
Intergovernmental	4,925	5,870	6,378	(1,453)
Licenses and permits	22	22	23	(1)
Charges for service	350	301	305	45
Use of money and property	140	175	175	(35)
Miscellaneous	128	29	100	28
Total receipts	\$ 12,400	\$ 13,012	\$ 13,666	\$ (1,266)
DISBURSEMENTS				
Public safety and legal services	\$ 1,673	\$ 1,819	\$ 1,847	\$ 174
Physical health and social services	599	647	669	70
Mental health	1,163	964	1,194	31
County environment and education	1,100	2,640	2,956	1,856
Roads and transportation	4,721	4,937	4,948	227
Governmental services to residents	503	518	537	34
Administration	1,048	1,176	1,226	178
Non-program	59	214	214	155
Capital projects	1,694	1,550	2,300	606
Total disbursements	\$ 12,560	\$ 14,465	\$ 15,891	\$ 3,331

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, Allamakee County had \$21,525,930 invested in a broad range of capital assets, including large road equipment, infrastructure and construction in progress for the governmental activities.

The County had depreciation expense of \$1,297,531 for fiscal year 2015 and total accumulated depreciation of \$11,666,595 as of June 30, 2015 for the governmental activities. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the County had \$1,040,037 in other debt and accrued compensated absences compared to \$271,247 last year. Debt increased as a result of the issuance of notes payable on behalf of eight townships to provide funds to pay a portion of the cost of the construction of a fire station by the Waukon Area Fire Protection District. More detail is presented in Note 8 to the financial statements.

The County's general obligation bond rating continues to carry the fourth highest rating possible, a rating that has been assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$72,154,638 limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Allamakee County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates, and the fee that will be charged for various County activities.

- The County's local option sales taxes received continue to be a significant portion of County revenues and account, in part, for property tax levy rates lower than would otherwise be possible. In August 2014, local option sales tax was approved, by vote, for another 10 years.
- Allamakee County had a very small amount of delinquent property taxes in FY15 due to the fact that the local taxpayers pay their property taxes in a timely manner.
- In July 2014, the County entered into loan agreements with eight townships totaling \$750,000 for the township portion of a new fire station.
- In May 2015, citizens of Allamakee County voted to pass a bond referendum for the issue of up to \$5.1 million of general obligation (GO) bonds for the construction of a Public Safety Center. Construction will take place in FY16 and FY17. The County budgeted to put \$400,000 from the general fund towards interim construction costs as well.
- Amounts available for appropriation in the FY16 operating budget are \$23,189,914, an increase of 32% over the final FY15 budget of \$17,544,133. A majority of the increase is due to the GO bond issue up to \$5.1 million plus \$400,000 from the general fund for construction of the Public Safety Center. Costs for construction that are not expended in FY16 will be budgeted and expended in FY17.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Allamakee 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 County Auditor's Office, Allamakee County, 110 Allamakee Street, Waukon, IA 52172.

ALLAMAKEE COUNTY
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Cash and pooled investments	\$ 5,897,623
Receivables	
Property tax	
Delinquent	20,316
Succeeding year	5,853,423
Accounts	23,491
Accrued interest	28,072
Notes receivable, current	64,990
Due from other governments	871,137
Inventories	646,281
Prepaid expenses	27,895
Notes receivable	754,047
Nondepreciable assets	1,726,696
Capital assets, net of accumulated depreciation/depletion	19,799,234
Total assets	35,713,205
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	507,145
Total assets and deferred outflows of resources	\$ 36,220,350
LIABILITIES	
Accounts payable	\$ 455,038
Salaries and benefits payable	83,004
Accrued interest payable	23,453
Due to other governments	2,137
Unearned revenues	2,500
Long-term liabilities	
Portion due within one year	
Voting equipment contract	34,252
Notes payable	41,591
Compensated absences	255,785
Portion due after one year	
Notes payable	708,409
Net pension liability	1,759,364
Net OPEB obligation	88,705
Total liabilities	3,454,238
DEFERRED INFLOWS OF RESOURCES	
Succeeding year property tax	5,853,423
Pension related deferred inflows	968,688
Total deferred inflows of resources	6,822,111
NET POSITION	
Net investment in capital assets	21,491,678
Restricted for	
Mental health	188,465
Rural services	832,920
Secondary roads	2,881,239
Other special revenue	693,921
Capital projects	81,388
Other purposes	75,319
Unrestricted	(300,929)
Total net position	25,944,001
Total liabilities, deferred inflows of resources and net position	\$ 36,220,350

See Notes to Financial Statements.

ALLAMAKEE COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
Governmental activities					
Public safety and legal services	\$ 1,565,867	\$ 35,265	\$ 16,437		\$ (1,514,165)
Physical health and social services	621,312	22,933	374,964		(223,415)
Mental health	1,159,185		92,543		(1,066,642)
County environment and education	906,054	22,343	24,942	\$ 184,154	(674,615)
Roads and transportation	5,740,931	2,550	3,488,488	199,609	(2,050,284)
Governmental services to residents	456,528	289,098			(167,430)
Administration	1,152,436	7,727	11,338		(1,133,371)
Non-program	58,523				(58,523)
Long-term debt interest	23,453				(23,453)
Total governmental activities	\$ 11,684,289	\$ 379,916	\$ 4,008,712	\$ 383,763	(6,911,898)
General revenues					
Property taxes levied for					
General purposes					6,413,444
Local option sales tax					403,085
Penalty and interest on property taxes					51,927
State tax credits					377,504
Franchise tax					1,445
Rents					49,697
Unrestricted investment earnings					74,838
Gain on sale of capital assets					50,851
Miscellaneous					124,665
Total general revenues					7,547,456
Change in net position					635,558
Net position, beginning of year, (restated)					25,308,443
Net position, end of year					\$ 25,944,001

See Notes to Financial Statements.

ALLAMAKEE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
		Rural Services	Secondary Roads	Waukon Area Fire Protection District		
ASSETS						
Cash and pooled investments	\$ 2,344,182	\$ 807,273	\$ 2,022,416		\$ 723,752	\$ 5,897,623
Receivables						
Property tax						
Delinquent	16,730	2,526		\$ 57	1,003	20,316
Succeeding year	3,680,271	1,646,064			527,088	5,853,423
Accounts	23,183				308	23,491
Accrued interest	4,492			23,453	127	28,072
Notes receivable				750,000	69,037	819,037
Due from other funds					58,176	58,176
Due from other governments	47,899	37,805	566,317		219,116	871,137
Prepaid expenditures	27,702	193				27,895
Inventories			646,281			646,281
Total assets	\$ 6,144,459	\$ 2,493,861	\$ 3,235,014	\$ 773,510	\$ 1,598,607	\$ 14,245,451
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 45,763	\$ 13,818	\$ 287,712		\$ 107,745	\$ 455,038
Salaries and benefits payable	17,500	866	64,638			83,004
Due to other funds	58,176					58,176
Due to other governments	712		1,425			2,137
Unearned revenue	2,500					2,500
Total liabilities	124,651	14,684	353,775	\$ -	107,745	600,855
Deferred inflows of resources						
Succeeding year property tax	3,680,271	1,646,064			527,088	5,853,423
Other	18,780	2,434	167,298	773,506	252,036	1,214,054
Total deferred inflows of resources	3,699,051	1,648,498	167,298	773,506	779,124	7,067,477
Fund balances						
Nonspendable						
Inventories			646,281			646,281
Prepaid expenditures	27,702	193				27,895
Assigned for Public Safety Center	400,000					400,000
Committed for township fire station note				4		4
Restricted for						
Rural services purposes		830,486				830,486
Secondary roads purposes			2,067,660			2,067,660
Mental health purposes					187,532	187,532
Other special revenue purposes					577,458	577,458
Other purposes	47,424					47,424
Unassigned	1,845,631				(53,252)	1,792,379
Total fund balances	2,320,757	830,679	2,713,941	4	711,738	6,577,119
Total liabilities, deferred inflows of resources and fund balances	\$ 6,144,459	\$ 2,493,861	\$ 3,235,014	\$ 773,510	\$ 1,598,607	\$ 14,245,451

See Notes to Financial Statements.

ALLAMAKEE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

Reconciliation of governmental fund balances to net position		
Total governmental fund balances	\$	6,577,119
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 as assets in the governmental funds, net of accumulated depreciation of \$11,666,595		
		21,525,930
Other long-term assets are not available to pay for current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		
		1,214,054
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 fund, as follows:		
Deferred outflows of resources	\$	507,145
Deferred inflows of resources		(968,688)
		<u>(461,543)</u>
Other liabilities, including bonds payable and accrued interest, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:		
Accrued interest		(23,453)
Compensated absences		(255,785)
Notes payable		(750,000)
Contract payable		(34,252)
Net pension liability		(1,759,364)
Net OPEB obligation		<u>(88,705)</u>
Net position of governmental activities, per Exhibit A	\$	<u>25,944,001</u>

ALLAMAKEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
		Rural Services	Secondary Roads	Waukon Area Fire Protection District		
REVENUES						
Property and other County tax	\$ 3,912,062	\$ 1,855,813		\$ 4	\$ 639,877	\$ 6,407,756
Local option sales tax		205,992	\$ 197,093			403,085
Interest and penalty on property tax	51,927					51,927
Intergovernmental	633,921	90,240	3,901,495		434,998	5,060,654
Licenses and permits	19,251		2,550			21,801
Charges for service	336,947	15,425	388		2,678	355,438
Use of money and property	87,270		12,300		37,011	136,581
Miscellaneous	85,742	70	38,189		104	124,105
Total revenues	5,127,120	2,167,540	4,152,015	4	1,114,668	12,561,347
EXPENDITURES						
Current						
Public safety and legal services	1,511,529	151,509				1,663,038
Physical health and social services	591,986				25,987	617,973
Mental health	166,899				1,001,565	1,168,464
County environment and education	538,733	400,388			218,295	1,157,416
Roads and transportation	508,456		4,153,369			4,661,825
Governmental services to residents	466,922				106	467,028
Administration	1,024,787					1,024,787
Non-program	58,523					58,523
Debt service	34,251					34,251
Capital projects			799,490	750,000	200,758	1,750,248
Total expenditures	4,902,086	551,897	4,952,859	750,000	1,446,711	12,603,553
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	225,034	1,615,643	(800,844)	(749,996)	(332,043)	(42,206)
OTHER FINANCING SOURCES (USES)						
Transfers in	9,050		1,557,420			1,566,470
Proceeds from disposal of capital assets	51,151					51,151
Long-term debt proceeds				750,000		750,000
Transfers out	(124,714)	(1,441,756)				(1,566,470)
	(64,513)	(1,441,756)	1,557,420	750,000	-	801,151
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	160,521	173,887	756,576	4	(332,043)	758,945
FUND BALANCES, beginning of year	2,160,236	656,792	1,957,365	-	1,043,781	5,818,174
FUND BALANCES, end of year	\$ 2,320,757	\$ 830,679	\$ 2,713,941	\$ 4	\$ 711,738	\$ 6,577,119

See Notes to Financial Statements.

ALLAMAKEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities		
Net change in fund balances - total governmental funds	\$	758,945
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period:		
Depreciation	\$ (1,297,531)	
Capital outlays	<u>1,332,085</u>	34,554
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:		
Property tax	5,688	
Other	<u>451,961</u>	457,649
The net effect of disposal of capital assets		(300)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Current year issuances exceeded repayments, as follows:		
Issued	(750,000)	
Repaid	<u>34,251</u>	(715,749)
The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the statement of net position.		350,411
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:		
Interest on long-term debt	(23,453)	
Compensated absences	(53,041)	
Pension expense	(149,473)	
Net OPEB obligation	<u>(23,985)</u>	(249,952)
Change in net position of governmental activities, per Exhibit B	\$	<u><u>635,558</u></u>

ALLAMAKEE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2015

ASSETS

Cash and pooled investments		
County Treasurer	\$	1,794,792
Other County officials		39,943
Receivables		
Property tax		
Delinquent		23,173
Succeeding year		11,795,350
Accounts		4,251
Due from other governments		75,881
		<hr/>
Total assets		13,733,390
		<hr/>

LIABILITIES

Accounts payable		30,727
Due to other governments		1,879,476
Unearned revenue		286
Trusts payable		13,816
Unavailable property tax revenue		11,795,350
Compensated absences		13,735
		<hr/>
Total liabilities		13,733,390
		<hr/>

NET POSITION

\$	<u>None</u>
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ALLAMAKEE COUNTY

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Allamakee 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.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Allamakee County has included all funds, organizations, account groups, 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Allamakee County Assessor's Conference Board, Allamakee County Emergency Management Commission, and Allamakee County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the agency funds of the County.

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the County. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions. For the most part, the effect of interfund activity has been removed from these statements.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The major funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration of public safety and legal services, physical health and social services, county environment and education, governmental services to residents and administration.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are restricted or committed for expenditure for specified purposes other than debt service or capital projects. The major funds in this category are rural services, secondary roads, and Waukon Area Fire Protection District.

The rural services fund is used to account for property tax and other revenues to provide services, which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The secondary roads fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the general fund and the special revenue, rural services fund and other revenues to be used for secondary road construction and maintenance.

The Waukon Area Fire Protection District fund is used to account for note receivable payments from eight townships and these revenues are to be used for repayment of principal and interest on notes aggregating \$750,000, which were issued for the purpose of providing funds to pay a portion of the cost of the construction of a fire station by the Waukon Area Fire Protection District. The County entered into loan agreements with the eight townships on July 22, 2014.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Agency Funds

The agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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 Management, Cash Equivalents and Pooled Investments

The County Treasurer maintains one primary demand deposit account through which the majority of the County's cash resources are processed.

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.

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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.

Grants

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Notes Receivable

Notes receivable represent economic development loans from the County's revolving loan special revenue fund made to qualifying businesses. These loans are to be paid back with interest over a period ranging from two to three years. Interest rates on these notes receivables range from 1.3% to 3.0%. The balance of the notes receivable at June 30, 2015 was \$69,037.

Notes receivable also represent loans from the County's Waukon Area Fire Protection District special revenue fund made to eight townships for the construction of a new fire station. Payments of both principal and interest on these notes is to be made semi-annually, on June 1 and December 1 of each year, beginning December 1, 2015, and continuing to June 1, 2015, with a final payment of all remaining principal and interest on December 1, 2025. The interest rate on these notes receivable is 3.25%. The balance of the notes receivable at June 30, 2015 was \$750,000.

Interfund Transactions

During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide 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 in the special revenue funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.

Prepaid Expenditures

Payments made for insurance for a future period beyond June 30, 2015 are recorded as prepaid insurance. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net position not currently available for expenditure.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Capital Assets

Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (in Years)
Buildings and improvements	20-50
Land improvements	20-50
Equipment	2-20
Vehicles	3-10
Infrastructure, road networks	30-65

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer'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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

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.

Unearned Revenues

Unearned revenues represents required annual cash deposit from lessee of County owned cropland. If lessee complies with conservation plan, the full amount of deposit will be refunded at the expiration of the lease. If the lessee does not comply with conservation plan the amount the County must pay in order to refurbish the land will be deducted from the cash deposit.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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.

Compensated Absences

County employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. During the year ended June 30, 2004, the County established a plan to allow employees who were retiring to convert accumulated sick leave to insurance premiums. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absence liability attributable to the governmental activities will be paid primarily by the general fund, mental health, rural services and secondary roads special revenue funds. The County's approximate maximum liability for accrued vacation pay at June 30, 2015 is \$255,785.

In accordance with the Code of Iowa Chapter 509A.13, the County provides post-employment health care benefits. Employees retiring before attaining sixty-five years of age may continue participation in the plan at their own expense until the employee attains age sixty-five.

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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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 consists of the succeeding year property tax receivable as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity

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

- *Nonspendable* - amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.
- *Committed* - amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.
- *Assigned* - amounts the Board of Supervisors intend to use for specific purposes.
- *Unassigned* - all amounts not included in the preceding classifications.

Net Position

Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net positions.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Net Position (Continued)

Unrestricted net position represent the difference between assets and liabilities that are not restricted and can be used for future obligations of the County. Unrestricted net position are often subject to constraints imposed by management which can be removed or modified.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Fund Balance Deficit

The Mississippi River Trail-capital projects fund has a deficit balance as of June 30, 2015. The County plans to eliminate this deficit through federal cost-reimbursement grant funds.

3. Deposits and Pooled Investments

The County's deposits in banks at June 30, 2015 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 insure 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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Interest Rate Risk

The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

NOTES TO FINANCIAL STATEMENTS

4. Due from Other Governments

Due from other governments consist of the following at June 30, 2015:

Governmental	
General fund, other	<u>\$ 47,899</u>
Rural services fund	
Local option sales tax	<u>37,805</u>
Secondary roads fund	
Road use tax	297,442
Local option sales tax	37,805
FEMA reimbursement	186,661
FHWA reimbursement	<u>44,409</u>
	<u>566,317</u>
Nonmajor governmental	
Capital projects fund, MRT grant	134,640
Conservation special projects fund, Scenic Byway grant	47,426
Other nonmajor	<u>37,050</u>
	<u>219,116</u>
Total governmental funds	<u><u>\$ 871,137</u></u>

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NOTES TO FINANCIAL STATEMENTS

5. **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Governmental activities:				
Land	\$ 890,097			\$ 890,097
Construction in progress		\$ 226,312		226,312
Infrastructure in progress	211,849	610,287	\$ 211,849	610,287
Total capital assets not being depreciated	1,101,946	836,599	211,849	1,726,696
Capital assets being depreciated:				
Buildings and improvements	1,907,852	18,500		1,926,352
Equipment	4,012,508	504,773	526,959	3,990,322
Vehicles	2,496,183	75,034	21,409	2,549,808
Infrastructure	22,629,070	370,277		22,999,347
Total capital assets being depreciated	31,045,613	968,584	548,368	31,465,829
Less accumulated depreciation:				
Buildings and improvements	1,174,871	38,367		1,213,238
Equipment	2,154,089	292,354	265,410	2,181,033
Vehicles	2,049,900	110,200	21,409	2,138,691
Infrastructure	5,277,023	856,610		6,133,633
Total accumulated depreciation	10,655,883	1,297,531	286,819	11,666,595
Total capital assets being depreciated, net	20,389,730	(328,947)	261,549	19,799,234
Governmental activities				
Capital assets, net	\$ 21,491,676	\$ 507,652	\$ 473,398	\$ 21,525,930

For the year ended June 30, 2015, depreciation expense was charged to functions of the primary government as follows:

Governmental activities	
Public safety and legal services	\$ 36,656
Physical health and social services	15,605
County environment and education	24,216
Roads and transportation	1,201,636
Governmental services to residents	5,444
Administration	13,974
	<u>13,974</u>
	<u>\$ 1,297,531</u>

NOTES TO FINANCIAL STATEMENTS

6. Due to/from Other Funds

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General fund		\$ 58,176
Mental health, special revenue fund	\$ 58,176	
Total	\$ 58,176	\$ 58,176

7. 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. The agency fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection.

A summary of amounts due to other governments for the year ended June 30, 2015 is as follows:

Governmental		
General fund	Services	\$ 712
Special revenue fund		
Secondary roads	Services	1,425
Total governmental funds		\$ 2,137
Fiduciary		
Agency		
County Assessor	Collections	\$ 446,082
Schools		134,199
Area schools		10,470
Corporations		63,047
Auto license and use tax		328,180
Other		897,498
Total agency funds		\$ 1,879,476

NOTES TO FINANCIAL STATEMENTS

8. **Long-term Debt Obligations**

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Issued	(Paid)	Balance June 30, 2015	Amounts Due Within One Year
Other liabilities					
Voting equipment contract	\$ 68,503		\$ (34,251)	\$ 34,252	\$ 34,252
Notes payable		\$ 750,000		750,000	41,591
Compensated absences	202,744	255,785	(202,744)	255,785	255,785
Governmental activities					
Long-term liabilities	\$ 271,247	\$ 1,005,785	\$ (236,995)	\$ 1,040,037	\$ 331,628

a. **Voting Equipment Contract**

The County entered into a contract for the purchase of vote tabulation systems equipment, hardware and software, and training and technical support services. The contract is due in annual installments of \$34,251 through July 31, 2015 with no interest accruing. At June 30, 2015, the contract had a balance of \$34,252.

Year Ending June 30,	Principal
2016	\$ 34,252

b. **Notes payable**

The County entered into notes payable agreements on behalf of eight townships for the purpose of providing funds to pay a portion of the cost of the construction of a fire station by the Waukon Area Fire Protection District. The notes payable are due in semi-annual payments of \$43,733, including interest of 3.25%. Payments will occur on June 1 and December 1 of each year, beginning December 1, 2015, and continuing through June 1, 2025, with one final payment of all remaining principal and interest at maturity on December 1, 2025. Funds for repayment on the notes will be from taxes levied on property located within the eight townships. The notes payable had a balance of \$750,000 at June 30, 2015.

Year Ending June 30,	Principal
2016	\$ 41,591
2017	64,648
2018	66,797
2019	69,017
2020	71,264
2021-2025	393,660
2026	43,023
Total	\$ 750,000

8. **Long-term Debt Obligations (Continued)**

At June 30, 2015, the debt issued by the County did not exceed its legal debt margin compiled as follows:

Total assessed valuation	\$ 1,443,092,751
Debt limit – 5% of total assessed valuation	\$ 72,154,638
Voting equipment contract	(34,252)
Notes payable	(750,000)
Legal debt margin	\$ 71,370,386

9. **Pension Plan**

Plan Description

IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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 P.O. 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, anytime 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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriff and deputy and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff and deputy and protection occupation members may retire anytime after reaching age 50 with 22 or more years of covered employment.

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.50% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member’s highest three-year average salary.

9. Pension Plan (Continued)*Pension Benefits (Continued)*

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 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that 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 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

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that 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 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the County contributed 8.93% for a total rate of 14.88%. Sheriff and deputy members and the County both contributed 9.88% of pay for a total rate of 19.76%. Protection occupation members contributed 6.76% of pay and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$350,411.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported a liability of \$1,759,364 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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 the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.044362, which was a decrease of .003793 from its collective proportion measured as of June 30, 2013.

NOTES TO FINANCIAL STATEMENTS

9. **Pension Plan (Continued)**

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the County recognized pension expense of \$149,473. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total of all Groups	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,028	\$ 22,832
Changes of assumptions	81,329	20,454
Net difference between projected and actual earnings on pension plan investments		917,068
Changes in proportion and differences between County contributions and proportionate share of contributions	55,377	8,334
County contributions subsequent to the measurement date	350,411	
Total	\$ 507,145	\$ 968,688

\$350,411 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 ended June 30, 2016. 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 Ended June 30,	
2016	\$ (204,708)
2017	(204,708)
2018	(204,708)
2019	(204,708)
2020	6,878
Total	\$ (811,954)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTES TO FINANCIAL STATEMENTS

9. **Pension Plan (Continued)**

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2014 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan 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
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point 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	\$ 3,857,665	\$ 1,759,364	\$ (10,246)

9. **Pension Plan (Continued)**

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan

At June 30, 2015, the County had no payables to report for the defined benefit pension plan for legally required employer contributions and legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

10. **Other Postemployment Benefits (OPEB)**

Plan Description

The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 101 active and 3 COBRA members in the plan. Retired participants must be age 55 or older at retirement.

Effective January 1, 2015, the medical/prescription drug benefits are provided through a fully-insured plan with Coventry Health Care of Iowa. Previous coverage was provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$	35,821
Interest on net OPEB obligation		1,590
Adjustment to annual required contribution		<u>(1,580)</u>
Annual OPEB cost		35,831
Contributions made		<u>(11,846)</u>
Increase in net OPEB obligation		23,985
Net OPEB obligation beginning of year		<u>64,720</u>
Net OPEB obligation end of year	\$	<u>88,705</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. 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, 2015.

10. **Other Postemployment Benefits (OPEB) (Continued)**

Annual OPEB Cost and Net OPEB Obligation (Continued)

For the year ended June 30, 2015, the County contributed \$11,846 to the medical plan. Plan members eligible for benefits contributed \$84,453 or 12% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 27,149	58%	\$ 39,757
June 30, 2014	\$ 35,831	30%	\$ 64,720
June 30, 2015	\$ 35,831	33%	\$ 88,705

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$279,298, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$279,298. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,849,500 and the ratio of the UAAL to covered payroll was 7.2%. As of June 30, 2015, 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 long-term perspective of the calculations.

As of July 1, 2013, actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching 5% ultimate trend rate.

Mortality rates are from RP-2000 Combined Mortality Table using Scale AA.

NOTES TO FINANCIAL STATEMENTS

11. Risk Management

The County is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance purchased from other insurers for coverage associated with these risks. During the year ended June 30, 2015, there were no significant changes in insurance coverage from prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Interfund Transfers

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Transfers In	Transfers Out
General fund		
Secondary roads		\$ 115,664
Nonmajor governmental	\$ 9,050	9,050
	9,050	124,714
Special revenue funds		
Rural services		1,441,756
Secondary roads	1,557,420	
	1,557,420	1,441,756
Total	\$ 1,566,470	\$ 1,566,470

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

13. Leases

As of June 30, 2015, the County is renting various county owned properties to other parties under operating leases. The leases vary in term but are typically short-term in nature.

14. Construction, Purchase and Other Commitments

The total outstanding construction and purchase commitments of the County at June 30, 2015 amount to \$2,722,531 and commitments to be reimbursed is \$447,906. Included in this amount is \$615,911 of commitments related to the construction of the Public Safety Center, which will be paid from \$400,000 pledged by the County towards the project and the \$5.1 million bond levy that was passed in May 2015.

15. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by granting authorities but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

NOTES TO FINANCIAL STATEMENTS

15. Contingent Liabilities (Continued)

The County is involved in various legal actions in which claims of varying amounts are being asserted against the County. The County follows the practice of providing for these claims when a loss is probable and a loss becomes fixed or determinable in amount. In the opinion of County management, these actions will not result in a significant impact of the County's financial position.

16. Allamakee County Financial Information Included in the County Social Services Mental Health Region

County Social Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth, and Wright. The financial activity of Allamakee County's special revenue, mental health fund is included in the County Social Services Mental Health Region for the year ended June 30, 2015 as follows:

Revenues:		
Property and other County tax		\$ 639,877
Intergovernmental revenues:		
State tax credits	\$ 41,060	
Mental health and disability services transition	75,926	
Medicaid	13,815	
Other intergovernmental revenues	2,801	133,602
Total revenues		773,479
Expenditures:		
General administration		
Direct administration	69,627	
Distribution to regional fiscal agent	917,999	987,626
County provided case management services		13,939
Total expenditures		1,001,565
Excess of expenditures over revenues		(228,086)
Fund balance, beginning of the year		415,618
Fund balance, end of the year		\$ 187,532

NOTES TO FINANCIAL STATEMENTS

17. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments, which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and for changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities
Net position June 30, 2014, as previously reported	\$ 27,730,288
Net pension liability at June 30, 2014	(2,764,939)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	343,094
Net position July 1, 2014, as restated	\$ 25,308,443

18. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued one statement not yet implemented by the County. The statement which might impact the County is as follows:

GASB Statement 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the fiscal year ended June 30, 2017. The primary objective of this statement is to provide users with information about the nature and magnitude of tax abatements to make them more transparent. Users will be better equipped to understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact abatements have on a government's financial position and economic condition.

The County's management has not yet determined the effect this statement will have on the County's financial statements.

19. Subsequent Events

Management has evaluated subsequent events through February 3, 2016, the date on which the financial statements were available to be issued.

Required Supplementary Information

ALLAMAKEE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCE -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
June 30, 2015

	Actual	Less Amounts not Budgeted	Budget Basis	Budget Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
RECEIPTS						
Property and other County tax	\$ 6,783,423		\$ 6,783,423	\$ 6,614,965	\$ 6,684,965	\$ 98,458
Interest and penalty on property tax	51,737		51,737			51,737
Intergovernmental	4,925,419		4,925,419	5,869,908	6,378,563	(1,453,144)
Licenses and permits	21,801		21,801	21,959	22,559	(758)
Charges for service	349,902		349,902	300,985	304,985	44,917
Use of money and property	139,522	\$ 3	139,519	174,708	174,708	(35,189)
Miscellaneous	127,711		127,711	29,700	99,503	28,208
Total receipts	12,399,515	3	12,399,512	13,012,225	13,665,283	(1,265,771)
DISBURSEMENTS						
Public safety and legal services	1,673,369		1,673,369	1,818,964	1,847,559	174,190
Physical health and social services	599,100		599,100	647,397	668,619	69,519
Mental health	1,163,208		1,163,208	964,265	1,194,321	31,113
County environment and education	1,099,700		1,099,700	2,640,406	2,955,864	1,856,164
Roads and transportation	4,721,475		4,721,475	4,937,199	4,948,619	227,144
Governmental services to residents	503,097		503,097	517,532	537,499	34,402
Administration	1,047,559		1,047,559	1,175,749	1,224,975	177,416
Non-program	58,523		58,523	213,500	213,500	154,977
Capital projects	1,694,187		1,694,187	1,550,000	2,300,000	605,813
Total disbursements	12,560,218	-	12,560,218	14,465,012	15,890,956	3,330,738
(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS	(160,703)	3	(160,706)	(1,452,787)	(2,225,673)	2,064,967
OTHER FINANCING SOURCES, NET	801,151		801,151	5,500	755,500	45,651
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	640,448	3	640,445	(1,447,287)	(1,470,173)	2,110,618
BALANCE, beginning of year	5,257,175		5,257,175	3,400,870	3,400,870	1,856,305
BALANCE, end of year	\$ 5,897,623	\$ 3	\$ 5,897,620	\$ 1,953,583	\$ 1,930,697	\$ 3,966,923

See Notes to Required Budgetary Information and Independent Auditor's Report.

ALLAMAKEE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO GAAP RECONCILIATION
 For the Year Ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 12,399,515	\$ 161,832	\$ 12,561,347
Expenditures	12,560,218	43,335	12,603,553
Net	(160,703)	118,497	(42,206)
Other financing sources, net	801,151	-	801,151
Beginning fund balance	5,257,175	560,999	5,818,174
Ending fund balance	<u>\$ 5,897,623</u>	<u>\$ 679,496</u>	<u>\$ 6,577,119</u>

See Notes to Required Budgetary Information and Independent Auditor's Report.

ALLAMAKEE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2015

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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:

1. Public safety and legal services
2. Physical health and social services
3. Mental health
4. County environment and education
5. Roads and transportation
6. Governmental services to residents
7. Administration
8. Non-program
9. Debt service
10. Capital projects

Function disbursements required to be budgeted include disbursements for the general fund, the special revenue funds, the capital projects fund, and the debt service fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,425,944. 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 E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Included in the amounts not budgeted is the forfeiture account used by the Sheriff's department.

ALLAMAKEE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Fiscal Year*
(In Thousands)

	2015
County's collective proportion of the net pension liability (asset)	0.044362%
County's collective proportionate share of the net pension liability (asset)	\$ 1,760
County's covered-employee payroll	\$ 3,758
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.83%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

ALLAMAKEE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last 10 Fiscal Years
(In Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 350	\$ 343	\$ 321	\$ 291	\$ 251	\$ 230	\$ 216	\$ 197	\$ 182	\$ 175
Contributions in relation to the statutorily required contribution	(350)	(343)	(321)	(291)	(251)	(230)	(216)	(197)	(182)	(175)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 3,829	\$ 3,758	\$ 3,588	\$ 3,453	\$ 3,383	\$ 3,295	\$ 3,255	\$ 3,155	\$ 2,989	\$ 2,906
Contributions as a percentage of covered-employee payroll	9.14%	9.13%	8.95%	8.43%	7.42%	6.98%	6.64%	6.24%	6.09%	6.02%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

ALLAMAKEE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2015

Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current 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.

In 2008, legislative action 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.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

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

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

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

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

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

See Independent Auditor's Report.

ALLAMAKEE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 (in thousands)

Fiscal 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)
2011	July 1, 2010	\$ -	\$ 245	\$ 245	0.0%	\$ 3,335	7.3%
2012	July 1, 2010	\$ -	\$ 245	\$ 245	0.0%	\$ 3,388	7.2%
2013	July 1, 2010	\$ -	\$ 245	\$ 245	0.0%	\$ 3,539	6.9%
2014	July 1, 2013	\$ -	\$ 279	\$ 279	0.0%	\$ 3,647	7.7%
2015	July 1, 2013	\$ -	\$ 279	\$ 279	0.0%	\$ 3,850	7.2%

See Note 10 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

ALLAMAKEE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue Funds	Capital Projects Fund Mississippi River Trail	Total Nonmajor Governmental Funds
ASSETS			
Cash and pooled investments	\$ 720,943	\$ 2,809	\$ 723,752
Receivables			
Property tax			
Delinquent	1,003		1,003
Succeeding year	527,088		527,088
Accounts	308		308
Accrued interest	127		127
Notes receivable	69,037		69,037
Due from other funds	58,176		58,176
Due from other governments	84,476	134,640	219,116
	<u>1,461,158</u>	<u>137,449</u>	<u>1,598,607</u>
Total assets	<u>\$ 1,461,158</u>	<u>\$ 137,449</u>	<u>\$ 1,598,607</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 51,684	\$ 56,061	\$ 107,745
Deferred inflows of resources			
Succeeding year property tax	527,088		527,088
Other revenues	117,396	134,640	252,036
	<u>644,484</u>	<u>134,640</u>	<u>779,124</u>
Total deferred inflows of resources	<u>644,484</u>	<u>134,640</u>	<u>779,124</u>
Fund balances			
Restricted for:			
Other special revenue funds	764,990		764,990
Unassigned		(53,252)	(53,252)
	<u>764,990</u>	<u>(53,252)</u>	<u>711,738</u>
Total fund balances	<u>764,990</u>	<u>(53,252)</u>	<u>711,738</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,461,158</u>	<u>\$ 137,449</u>	<u>\$ 1,598,607</u>

See Independent Auditor's Report.

ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2015

	Special Revenue Funds	Capital Projects Fund Mississippi River Trail	Nonmajor Governmental Funds
REVENUES			
Property and other County tax	\$ 639,877		\$ 639,877
Intergovernmental	317,493	\$ 117,505	434,998
Charges for service	2,678		2,678
Use of money and property	37,011		37,011
Miscellaneous	104		104
Total revenues	997,163	117,505	1,114,668
EXPENDITURES			
Operating			
Physical health and social services	25,987		25,987
Mental health	1,001,565		1,001,565
County environment and education	218,295		218,295
Governmental services to residents	106		106
Capital projects		200,758	200,758
Total expenditures	1,245,953	200,758	1,446,711
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(248,790)	(83,253)	(332,043)
(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES	(248,790)	(83,253)	(332,043)
FUND BALANCES, beginning of year	1,013,780	30,001	1,043,781
FUND BALANCES, end of year	\$ 764,990	\$ (53,252)	\$ 711,738

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ALLAMAKEE COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2015

	Mental Health	Water Testing Grant	Recorder's Records Management	Resource Enhancement and Protection
ASSETS				
Cash and pooled investments	\$ 101,068	\$ 78,953	\$ 16,611	\$ 219,967
Receivables				
Property tax				
Delinquent	1,003			
Succeeding year	527,088			
Accounts			308	
Accrued interest				127
Notes receivable				
Due from other funds	58,176			
Due from other governments	37,050			
	<u>724,385</u>	<u>78,953</u>	<u>16,919</u>	<u>220,094</u>
Total assets	\$ 724,385	\$ 78,953	\$ 16,919	\$ 220,094
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 8,832	\$ 10		
Deferred inflows of resources				
Succeeding year property tax	527,088			
Other revenues	933			
	<u>528,021</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred inflows of resources	528,021	-	\$ -	\$ -
Fund balances				
Restricted	187,532	78,943	16,919	220,094
	<u>187,532</u>	<u>78,943</u>	<u>16,919</u>	<u>220,094</u>
Total fund balances	187,532	78,943	16,919	220,094
Total liabilities, deferred inflows of resources and fund balances				
	<u>\$ 724,385</u>	<u>\$ 78,953</u>	<u>\$ 16,919</u>	<u>\$ 220,094</u>

See Independent Auditor's Report.

SCHEDULE 3

Conservation Special Projects	Revolving Loan Fund	Historic Preservation Fund	Total Nonmajor Special Revenue Funds
\$ 131,387	\$ 161,571	\$ 11,386	\$ 720,943
			1,003
			527,088
			308
			127
	69,037		69,037
			58,176
<u>47,426</u>			<u>84,476</u>
<u>\$ 178,813</u>	<u>\$ 230,608</u>	<u>\$ 11,386</u>	<u>\$ 1,461,158</u>
<u>\$ 42,282</u>		<u>\$ 560</u>	<u>\$ 51,684</u>
			527,088
<u>47,426</u>	<u>\$ 69,037</u>		<u>117,396</u>
<u>47,426</u>	<u>69,037</u>	<u>-</u>	<u>644,484</u>
<u>89,105</u>	<u>161,571</u>	<u>10,826</u>	<u>764,990</u>
<u>89,105</u>	<u>161,571</u>	<u>10,826</u>	<u>764,990</u>
<u>\$ 178,813</u>	<u>\$ 230,608</u>	<u>\$ 11,386</u>	<u>\$ 1,461,158</u>

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ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2015

	Mental Health	Water Testing Grant	Recorder's Records Management	Resource Enhancement and Protection
REVENUES				
Property and other County tax	\$ 639,877			
Intergovernmental	133,602	\$ 23,872		\$ 14,109
Charges for service			\$ 2,678	
Use of money and property			11	1,501
Miscellaneous				
Total revenues	773,479	23,872	2,689	15,610
EXPENDITURES				
Operating				
Physical health and social services		25,987		
Mental health	1,001,565			
County environment and education				
Governmental services to residents			106	
Total expenditures	1,001,565	25,987	106	-
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(228,086)	(2,115)	2,583	15,610
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES	(228,086)	(2,115)	2,583	15,610
FUND BALANCES, beginning of year	415,618	81,058	14,336	204,484
FUND BALANCES, end of year	\$ 187,532	\$ 78,943	\$ 16,919	\$ 220,094

See Independent Auditor's Report.

SCHEDULE 4

Conservation Special Projects	Revolving Loan Fund	Historic Preservation Fund	Total Nonmajor Special Revenue Funds
			\$ 639,877
\$ 145,910			317,493
			2,678
	\$ 35,499		37,011
104			104
<u>146,014</u>	<u>35,499</u>	<u>\$ -</u>	<u>997,163</u>
			25,987
217,735		560	1,001,565
			218,295
			106
<u>217,735</u>	<u>-</u>	<u>560</u>	<u>1,245,953</u>
<u>(71,721)</u>	<u>35,499</u>	<u>(560)</u>	<u>(248,790)</u>
(71,721)	35,499	(560)	(248,790)
<u>160,826</u>	<u>126,072</u>	<u>11,386</u>	<u>1,013,780</u>
<u>\$ 89,105</u>	<u>\$ 161,571</u>	<u>\$ 10,826</u>	<u>\$ 764,990</u>

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ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash and pooled investments				
County Treasurer		\$ 3,057	\$ 483,694	\$ 121,103
Other County officials	\$ 39,943			
Receivables				
Property tax				
Delinquent		356	580	13,096
Succeeding year		187,368	304,894	7,066,902
Accounts	3,943			
Due from other governments				
Total assets	<u>\$ 43,886</u>	<u>\$ 190,781</u>	<u>\$ 789,168</u>	<u>\$ 7,201,101</u>
LIABILITIES				
Accounts payable			\$ 29,833	
Due to other governments	\$ 43,586	\$ 3,413	446,082	\$ 134,199
Unearned revenue				
Trusts payable	300			
Unavailable property tax revenue		187,368	304,894	7,066,902
Accrued compensated absences			8,359	
Total liabilities	<u>\$ 43,886</u>	<u>\$ 190,781</u>	<u>\$ 789,168</u>	<u>\$ 7,201,101</u>

See Independent Auditor's Report.

Area Schools	Corporations	Townships	Auto License and Use Tax	E911 Surcharge	Other	Total
\$ 9,367	\$ 55,350	\$ 28,392	\$ 328,180	\$ 680,105	\$ 85,544	\$ 1,794,792 39,943
1,103	7,697	337			4	23,173
587,146	3,411,964	234,975			2,101	11,795,350
		50,406			308	4,251
					25,475	75,881
<u>\$ 597,616</u>	<u>\$ 3,475,011</u>	<u>\$ 314,110</u>	<u>\$ 328,180</u>	<u>\$ 680,105</u>	<u>\$ 113,432</u>	<u>\$ 13,733,390</u>
\$ 10,470	\$ 63,047	\$ 79,135	\$ 328,180	\$ 78	\$ 816	\$ 30,727
				674,651	96,713	1,879,476
					286	286
					13,516	13,816
587,146	3,411,964	234,975			2,101	11,795,350
				5,376		13,735
<u>\$ 597,616</u>	<u>\$ 3,475,011</u>	<u>\$ 314,110</u>	<u>\$ 328,180</u>	<u>\$ 680,105</u>	<u>\$ 113,432</u>	<u>\$ 13,733,390</u>

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ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS AND LIABILITIES				
BALANCE, beginning of year	\$ 77,160	\$ 192,581	\$ 748,793	\$ 7,305,917
ADDITIONS				
Property and other County tax		205,946	333,762	7,754,788
State tax credits		13,359	20,741	515,221
Office fees and collections	311,358		5,625	
Auto license, use tax and postage				
E911 telephone surcharges				
Miscellaneous	1,825	380	589	13,883
Assessments				
Trusts	46,483			
Total additions	359,666	219,685	360,717	8,283,892
DEDUCTIONS				
Agency remittances				
To other funds	126,212			
To other governments	177,628	221,485		8,388,708
Trusts paid out	87,485			
Miscellaneous	1,615		320,342	
Total deductions	392,940	221,485	320,342	8,388,708
BALANCE, end of year	\$ 43,886	\$ 190,781	\$ 789,168	\$ 7,201,101

See Independent Auditor's Report.

Area Schools	Corporations	Townships	Auto License and Use Tax	E911 Surcharge	Other	Total
\$ 592,086	\$ 3,462,098	\$ 264,976	\$ 345,861	\$ 671,989	\$ 115,148	\$ 13,776,609
643,342	3,398,057	562,000			2,301	12,900,196
41,102	355,909	10,751			147	957,230
			3,993,975		2,678	319,661
				384,156		3,993,975
1,150		610	271	525	436,838	384,156
					50,760	456,071
						50,760
						46,483
685,594	3,753,966	573,361	3,994,246	384,681	492,724	19,108,532
680,064	3,741,053	524,227	3,882,617	376,565	289,273	255,522
			129,310		19,499	18,281,620
					185,668	106,984
680,064	3,741,053	524,227	4,011,927	376,565	494,440	507,625
\$ 597,616	\$ 3,475,011	\$ 314,110	\$ 328,180	\$ 680,105	\$ 113,432	\$ 13,733,390

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ALLAMAKEE COUNTY
 COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 All GOVERNMENTAL FUNDS
 Years Ended June 30,

	Modified Accrual			
	2015	2014	2013	2012
REVENUES				
Property and other County tax	\$ 6,407,756	\$ 6,119,076	\$ 6,047,031	\$ 5,550,390
Local option sales tax	403,085	315,188	284,990	284,929
Interest and penalty on property tax	51,927	58,324	143,156	124,891
Intergovernmental	5,060,654	4,658,560	3,895,167	4,268,506
Licenses and permits	21,801	21,483	24,504	15,728
Charges for service	355,438	357,423	387,306	351,327
Use of money and property	136,581	164,506	174,356	217,488
Miscellaneous	124,105	117,717	205,647	218,179
Total revenues	\$ 12,561,347	\$ 11,812,277	\$ 11,162,157	\$ 11,031,438
EXPENDITURES				
Current				
Public safety and legal services	\$ 1,663,038	\$ 1,566,820	\$ 1,595,894	\$ 1,525,114
Physical health and social services	617,973	617,848	716,454	621,770
Mental health	1,168,464	931,044	836,192	2,105,026
County environment and education	1,157,416	1,072,816	872,663	860,629
Roads and transportation	4,661,825	4,831,417	4,834,826	4,450,006
Governmental services to residents	467,028	542,890	418,180	407,493
Administration	1,024,787	1,041,691	928,163	862,042
Non-program	58,523	127,977	26,657	46,086
Debt service	34,251	34,251		
Capital projects	1,750,248	781,192	1,074,842	1,078,210
Total expenditures	\$ 12,603,553	\$ 11,547,946	\$ 11,303,871	\$ 11,956,376

See Independent Auditor's Report.

Modified Accrual					
2011	2010	2009	2008	2007	2006
\$ 5,295,124	\$ 5,270,310	\$ 5,007,863	\$ 4,831,728	\$ 4,723,709	\$ 4,151,995
300,220	338,520	283,115	253,398	271,291	220,325
66,531	61,145	68,163	49,985	49,838	52,497
4,638,643	4,987,987	4,965,659	4,034,913	3,970,501	4,001,987
11,220	15,632	53,150	52,413	42,871	44,272
381,939	332,818	336,452	435,027	392,180	376,677
257,408	211,050	246,604	326,701	389,971	303,211
149,508	76,261	43,467	120,246	90,975	964,671
<u>\$ 11,100,593</u>	<u>\$ 11,293,723</u>	<u>\$ 11,004,473</u>	<u>\$ 10,104,411</u>	<u>\$ 9,931,336</u>	<u>\$ 10,115,635</u>
\$ 1,549,545	\$ 1,385,829	\$ 1,317,526	\$ 1,235,498	\$ 1,213,881	\$ 1,142,122
634,226	710,274	670,713	539,900	534,490	512,612
1,772,883	1,631,391	1,711,713	1,941,090	1,806,281	1,655,661
841,139	798,859	812,731	813,482	791,667	2,007,914
4,199,590	3,768,729	4,667,894	3,775,558	3,443,693	3,544,348
382,580	384,924	348,289	332,739	325,189	419,335
821,090	801,998	825,036	863,707	833,405	816,362
39,524	9,103	23,281	85,795	52,270	54,085
918,760	987,268	140,576	95,363	453,243	694,131
<u>\$ 11,159,337</u>	<u>\$ 10,478,375</u>	<u>\$ 10,517,759</u>	<u>\$ 9,683,132</u>	<u>\$ 9,454,119</u>	<u>\$ 10,846,570</u>

ALLAMAKEE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses noted.
- (c) The audit did not disclose any noncompliance, which is material to the financial statements.
- (d) Significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements. No material weaknesses noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.205 Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Allamakee County qualifies as a low-risk auditee.

ALLAMAKEE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

Finding 2015-001 Overlapping Duties

Criteria: Proper controls over financial reporting include adequate segregation of duties.

Condition: The County's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

Cause: The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

Effect: This deficiency results in a reasonable possibility that the County would not be able to detect misstatements that would be material in relation to the financial statement in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: While we do recognize that the County is not large enough to permit a segregation of duties for an effective internal control, we believe it is important the Board be aware that this condition does exist.

Response and Corrective Action Planned:

Management is cognizant of this limitation and will implement additional controls where possible.

Conclusion: Response acknowledged.

ALLAMAKEE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 20.205 Highway Planning and Construction
Federal Award Year: 2015
U.S. Department of Transportation
Passed through Iowa Department of Transportation
See 2015-001 above.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated February 3, 2016

Part V: Summary of Prior Federal Audit Findings and Questioned Costs

Comment Reference	Comment Title	Status	Explanation
2014-001	Overlapping duties	Not corrected	The County has limited staff and segregates duties to the best of their abilities.

ALLAMAKEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Grantor/Program	CFDA Number	Grant Number/Description	Program Expenditures
Indirect			
U.S. Department of Agriculture Passed through Iowa Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LAE Reimbursement	\$ 8,812
U.S. Department of Housing and Urban Development Passed through Iowa Department of Economic Development Community Development Block Grants/State's Program	14.228	14-CF-004	9,446
U.S. Department of the Interior Passed through Iowa Department of Cultural Affairs Historic Preservation Funds Grants-In-Aid	15.904	CLG 2013-01	5,000
U.S. Department of Justice Passed through Iowa Department of Justice Crime Victim Assistance	16.575	VA-15-93-CJ	17,516
U.S. Department of Transportation Passed through Iowa Department of Transportation Highway Planning and Construction	20.205	EDP-C003(46)-7Y-03	160,373
	20.205	BROS-C003(49)--8J-03	11,598
	20.205	DDIR #IA-13-02-03	27,539
	20.205	SB-IA-C003(053)--7T-03	174,155
			373,665
Passed through Iowa Department of Public Safety National Priority Safety Programs	20.616	14-405b-M1HVE, Task 01-00-00	1,399
Subtotal U.S. Department of Transportation			375,064
U.S. Department of Health and Human Services Passed through Iowa Department of Human Services Social Services Block Grant	93.667	LAE Reimbursement	2,711
Passed through Helping Services for Northeast Iowa, Inc. Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	SPF-SIG	28,499
	93.243	5885IP30	19,180
			47,679
Other Federal Financial Assistance			
Human Services Administrative Reimbursements Refugee and Entrant Assistance - State Administered Programs	93.566	LAE Reimbursement	19
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	LAE Reimbursement	2,277
Foster Care - Title IV-E	93.658	LAE Reimbursement	3,376
Adoption Assistance	93.659	LAE Reimbursement	1,066
State Children's Insurance Program	93.767	LAE Reimbursement	54
Medical Assistance Program	93.778	LAE Reimbursement	16,600
			23,392
Subtotal U.S. Department of Health and Human Services			73,782

See Independent Auditor's Report.

ALLAMAKEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended June 30, 2015

Grantor/Program	CFDA Number	Grant Number/Description	Program Expenditures
Indirect (Continued)			
U.S. Department of Homeland Security			
Passed through Iowa Department of Public Defense			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4184-IA	\$ 245,275
Emergency Management Performance Grants	97.042	EMPG-15-PT-03	<u>25,189</u>
Subtotal U.S. Department of Homeland Security			<u>270,464</u>
Total Federal Financial Assistance			<u>\$ 760,084</u>

ALLAMAKEE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Allamakee County under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Allamakee County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Allamakee County.

Note 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. Pass-through entity identifying numbers are presented where available.

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 Board of Supervisors
Allamakee County
Waukon, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Allamakee County's basic financial statements, and have issued our report thereon dated February 3, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allamakee County's internal control over financial reporting (internal control) to determine the audit procedures that are 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 Allamakee County's internal control. Accordingly, we do not express an opinion on the effectiveness of Allamakee County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allamakee County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Allamakee County's Response to Finding

Allamakee County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Allamakee County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
February 3, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Supervisors
Allamakee County
Waukon, Iowa

Report on Compliance for Each Major Federal Program

We have audited Allamakee County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Allamakee County's major federal programs for the year ended June 30, 2015. Allamakee County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Allamakee County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allamakee County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Allamakee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Allamakee County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Allamakee County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Allamakee County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

Allamakee County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Allamakee County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
February 3, 2016

MANAGEMENT LETTER

To the Board of Supervisors
Allamakee County
Waukon, Iowa

In planning and performing our audit of the basic financial statements of Allamakee County for the year ended June 30, 2015, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 10 below are compliance comments required by the Iowa Auditor of State. A separate report dated February 3, 2016, contains our report on the County's internal control over financial reporting. This letter does not affect our report dated February 3, 2016 on the basic financial statements of Allamakee County. Comment 12 is an unresolved comment from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

1. **Certified Budget**
Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted for any function.
2. **Questionable Expenditures**
We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. **Travel Expense**
No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.
4. **Business Transactions**
We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2015.
5. **Bond Coverage**
Surety bond coverage of County officials and employees is in accordance with statutory provisions.

6. Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General's opinions dated December 10, 1985, December 31, 1986, and May 2, 1989.

7. Deposits and Investments

No instances of noncompliance 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. 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 through D.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

The County Extension Office received 4-H donations. These receipts were reflected in the Extension Council's accounting system and have been included in the annual budget or monthly financial reports. Disbursements from these proceeds were approved by the Extension Council prior to payment.

10. Tax Increment Financing (TIF)

For the year ended June 30, 2015, the County Auditor's office performed their duties in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa and completed reconciliations of each City's TIF receipts and TIF debt certified.

11. Fund Balance Deficit

As of June 30, 2015, the Mississippi River Trail-capital projects fund had a fund balance deficit. Upon review of monthly fund balances, the health insurance fund had a fund balance deficit during the year. In accordance with Chapter 331.476 of the Code of Iowa, no official should issue a warrant, execute a contract, or allow a claim, which would result in expenditures to exceed revenue collected during the fiscal year plus any unexpended balance from prior year.

Recommendation

We recommend County expenditures not exceed the revenues collected during the fiscal year plus unexpended balances from the prior year in the individual funds. The County would then be in compliance with Chapter 331.476 of the Code of Iowa.

11. Fund Balance Deficit (Continued)

Response

The Mississippi River Trail-capital projects fund balance deficit resulted from expenditures incurred near year-end but the cost-reimbursement grant proceeds were not collected within 60 days after year-end; therefore, were recorded as deferred revenues. The health insurance fund balance deficit resulted from the timing difference of premium payments and not receiving retirees' personal payments until the following month. In the future, we will monitor fund balances closely to avoid a deficit balance.

Conclusion

Response accepted.

12. Payroll

During our auditing procedures on payroll, we noted one employee was paid more than their approved salary. The person administering the well testing grant was being compensated additional amounts for work charged to the grant. The grant is funded by the State of Iowa.

Recommendation

Any changes to compensation for employees should have prior approval of the Board of Supervisors. Any compensation tied to tasks reimbursed by grants should also be approved by the Board and be subject to total approved compensation for that person.

Response

Changes in salary will be monitored closer in the future. Any salary paid with grant funds will be set at a fixed amount, not performance based.

Conclusion

Response accepted.

13. Sheriff Office's Reconciliation

During our audit, we noted the Sheriff Office's cashbook reconciliation included outstanding checks over two years old.

Recommendation

Checks outstanding for two or more years should be filed with the State Treasurer's office. See http://www.iowatreasurer.gov/media/cms/Holder_Manual_2015_8FE71EF455ECF.pdf for instructions.

Response

We will comply in the future.

Conclusion

Response accepted.

14. Time Cards

During our audit, we noted not all County employees are completing time cards for each pay period. We also noted employees are not submitting on a timely basis records indicating vacation, sick or comp time used or earned during a pay period.

Recommendation

We recommend all County employees, including salaried employees, complete time cards indicating the number of hours worked, comp time earned and the number of vacation, sick or comp time used during the pay period. Time cards should also be reviewed and approved by appropriate department heads. This will help ensure accurate and up-to-date recordkeeping of payroll items.

Response

We will consider requiring all County employees to submit approved time cards each pay period.

Conclusion

Response accepted.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Allamakee County during the course of our audit.

Should you have any questions concerning these or other matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
February 3, 2016