

BREMER COUNTY, IOWA

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

JUNE 30, 2015

BREMER COUNTY, IOWA

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BREMER COUNTY, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2015)		
Tim Neil	Board of Supervisors	January 2015
Duane Hildebrandt	Board of Supervisors	January 2017
Ken Kammeyer	Board of Supervisors	January 2017
Shelley Wolf	County Auditor	January 2017
Sue Shonka	County Treasurer	January 2015
Melissa Davis	County Recorder	November 2014
Daniel Pickett	County Sheriff	January 2017
Kasey Wadding	County Attorney	January 2015
Jean Keller	County Assessor	January 2016
(After January 2015)		
Tim Neil	Board of Supervisors	January 2019
Duane Hildebrandt	Board of Supervisors	January 2017
Ken Kammeyer	Board of Supervisors	January 2017
Shelley Wolf	County Auditor	January 2017
Sue Shonka	County Treasurer	January 2019
Melissa Davis	County Recorder	January 2019
Daniel Pickett	County Sheriff	January 2017
Kasey Wadding	County Attorney	January 2019
Jean Keller	County Assessor	January 2016



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA
Bradley T. Barnes, CPA

INDEPENDENT AUDITOR'S REPORT

To the Officials of Bremer County, Iowa:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, 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 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 misstatements.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa at June 30, 2015, and the respective changes in financial position and, where applicable cash flows thereof, for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 8 to the financial statements, Bremer County, Iowa adopted new accounting guidance related to Government 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 Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 9 and 42 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bremer County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2014 and for the six years ended June 30, 2011 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the two years ended June 30, 2013 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2016 on our consideration of Bremer County, Iowa'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 the 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 Bremer County, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
January 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bremer County, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 increased 21.5%, or \$3,374,895, from fiscal year 2014 to 2015. Property tax increased by \$500,681, operating grants, contributions and restricted interest increased by \$432,627, and capital grants, contributions and restricted interest increased by \$1,990,625.
- ◆ Program expenses of the County's governmental activities increased 0.8% or \$105,316, from fiscal year 2014 to 2015. Roads and transportation expenses increased by \$651,840.
- ◆ The County's governmental net position increased 16.8%, or \$5,801,228 during the year ended June 30, 2015.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Bremer County, Iowa as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Bremer County, Iowa's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Bremer County, Iowa acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress For the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

2. Proprietary funds account for the County's Enterprise, Community Based Services Fund and its Internal Service, Employee Group Health Fund. Enterprise Funds are used to report business type activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in net position of governmental and business-type activities.

Net Position

	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2015	2014, *	2015	2014, *	2015	2014, *
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Current and other assets	\$ 23,577,533	\$ 22,055,008	\$ 557,962	\$ 304,910	\$ 24,135,495	\$ 22,359,918
Capital assets	<u>32,575,411</u>	<u>28,852,105</u>	<u>338,015</u>	<u>367,461</u>	<u>32,913,426</u>	<u>29,219,566</u>
Total assets	<u>56,152,944</u>	<u>50,907,113</u>	<u>895,977</u>	<u>672,371</u>	<u>57,048,921</u>	<u>51,579,484</u>
Deferred outflows of resources	<u>490,159</u>	<u>-</u>	<u>125,309</u>	<u>-</u>	<u>615,468</u>	<u>-</u>
Long-term liabilities	6,482,081	4,087,712	927,513	227,717	7,409,594	4,315,429
Other liabilities	<u>671,609</u>	<u>711,948</u>	<u>144,254</u>	<u>89,351</u>	<u>815,863</u>	<u>801,299</u>
Total liabilities	<u>7,153,690</u>	<u>4,799,660</u>	<u>1,071,767</u>	<u>317,068</u>	<u>8,225,457</u>	<u>5,116,728</u>
Deferred inflows of resources	<u>9,210,000</u>	<u>7,787,180</u>	<u>353,425</u>	<u>-</u>	<u>9,563,425</u>	<u>7,787,180</u>
Net position:						
Net investment in capital assets	30,230,411	26,242,105	187,681	204,659	30,418,092	26,446,764
Restricted	9,572,382	8,887,135	-	-	9,572,382	8,887,135
Unrestricted	<u>476,620</u>	<u>3,191,033</u>	<u>(591,587)</u>	<u>150,644</u>	<u>(114,967)</u>	<u>3,341,677</u>
Total net position	\$ <u>40,279,413</u>	\$ <u>38,320,273</u>	\$ <u>(403,906)</u>	\$ <u>355,303</u>	\$ <u>39,875,507</u>	\$ <u>38,675,576</u>

Net position of the County's governmental activities increased by 5.1% (\$40,279,413 compared to \$38,320,273). The largest portion of the County's net position is the investment in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from \$3,191,033 at June 30, 2014 to \$476,620 at June 30, 2015, a decrease of 85.1% primarily due to the implementation of GASB Statement No. 68.

Net position of Bremer County's business type activities decreased \$759,209, or 213.7%.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pension – 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 \$4,824,320 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

	Governmental Activities		Business Type Activities		Total	
	2014, *		2014, *		Year ended June 30,	
	2015	(As restated)	2015	(As restated)	2015	(As restated)
Revenues:						
Program revenues:						
Charges for service	\$ 2,481,170	\$ 2,295,861	\$ 2,756,114	\$ 2,716,173	\$ 5,237,284	\$ 5,011,834
Operating grants, contributions and restricted interest	4,062,911	3,630,284	-	-	4,062,911	3,630,284
Capital grants, contributions and restricted interest	3,291,899	1,301,274	-	-	3,291,899	1,301,274
General revenues:						
Property tax	7,434,931	6,934,250	-	-	7,434,931	6,934,250
Tax increment financing	187,926	194,032	-	-	187,926	194,032
Penalty and interest on property tax	41,782	51,293	-	-	41,782	51,293
State tax credits	327,102	176,406	-	-	327,102	176,406
Local option sales tax	977,574	879,895	-	-	977,574	879,895
Unrestricted investment earnings	85,797	87,130	-	-	85,797	87,130
Gain (loss) on disposition of capital assets	(40,178)	6,848	-	-	(40,178)	6,848
Miscellaneous	<u>234,804</u>	<u>153,750</u>	<u>-</u>	<u>-</u>	<u>234,804</u>	<u>153,750</u>
Total revenues	<u>19,085,718</u>	<u>15,710,823</u>	<u>2,756,114</u>	<u>2,716,173</u>	<u>21,841,832</u>	<u>18,426,996</u>

* Not restated regarding GASB Statement No. 68 and pension related figures.

Changes in Net Position (Continued)

	Governmental Activities		Business Type Activities		Total	
	2014, *		2014, *		Year Ended June 30,	
	2015	(As restated)	2015	(As restated)	2015	(As restated)
Program expenses:						
Public safety and legal services	3,391,965	3,424,907	-	-	3,391,965	3,424,907
Physical health and social services	379,901	785,164	-	-	379,901	785,164
Mental health	1,054,460	857,298	-	-	1,054,460	857,298
County environment and education	1,610,145	1,416,977	-	-	1,610,145	1,416,977
Roads and transportation	5,077,460	4,425,620	-	-	5,077,460	4,425,620
Governmental services to residents	286,374	672,311	-	-	286,374	672,311
Administration	1,403,155	1,483,995	-	-	1,403,155	1,483,995
Non-program	21,850	51,361	-	-	21,850	51,361
Interest on long-term debt	59,180	61,541	-	-	59,180	61,541
Community based services	-	-	2,533,091	2,689,336	2,533,091	2,689,336
Total expenses	13,284,490	13,179,174	2,533,091	2,689,336	15,817,581	15,868,510
Change in net position	5,801,228	2,531,649	223,023	26,837	6,024,251	2,558,486
Net position – Beginning of year, as restated	34,478,185	35,788,624	(626,929)	328,466	33,851,256	36,117,090
Net position – End of year	\$ 40,279,413	\$ 38,320,273	\$ (403,906)	\$ 355,303	\$ 39,875,507	\$ 38,675,576

The results of governmental activities for the year resulted in Bremer County, Iowa's net position increasing by \$5,801,228. Revenues for governmental activities increased by \$3,374,895 from the prior year, including increases in property tax and capital grants, contributions and restricted interest. Expenditures increased by \$105,316 including increases in County environment and education and roads and transportation expenses.

The cost of all governmental activities this year was \$13,284,490 compared to \$13,179,174 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$3,448,510 because some of the cost was paid by those directly benefited from the programs 2,481,170 or by other governments and organizations that subsidized certain programs with grants and contributions 7,354,810.

INDIVIDUAL MAJOR FUND ANALYSIS

As Bremer County completed the year, its governmental funds reported a combined fund balance of \$13,624,262, which is an increase of \$1,186,850 from last year's total of \$12,437,412.

- The General Fund ending fund balance increased \$569,818 from the prior year to \$4,529,702. Total revenue increased 13.1%, or \$896,633. Total expenditures increased 0.5%, or \$33,121, compared to fiscal year 2014.
- The Special Revenue, Mental Health Fund revenues increased \$273,906 and expenditures decreased \$38,961, compared to 2014. The Special Revenue, Mental Health Fund balance at year end increased \$604,157 to \$1,579,733.
- The Special Revenue, Rural Services Fund balance decreased \$18,707 compared to prior year to \$255,212. Revenues increased \$107,870, primarily due to an increase in property tax. Expenses and transfers out increased by \$98,462 and \$18,366, respectively.
- The Special Revenue, Solid Waste Management Fund balance decreased \$61,915 from the prior year to \$1,395,119. Expenditures continue to outpace revenues.
- The Special Revenue, Secondary Roads Fund expenditures decreased \$373,208 from the prior year, due primarily to a decrease in projects. Revenues increased \$33,490. The prior year had more project costs than in the current year. The Special Revenue, Secondary Roads Fund ending fund balance increased \$511,130 to \$2,417,388.
- The Special Revenue, Solid Waste Closure Fund balance decreased \$115,312 to \$1,341,765, primarily due to the purchase of equipment in the current year.

The major business type activities fund is as follows:

- The Enterprise, Community Based Services Fund balance increased \$223,023. The County continues to look for ways to manage the expenses and revenues related to Community Based Services.

* Not restated regarding GASB Statement No. 68 and pension related figures.

BUDGETARY HIGHLIGHTS

Over the course of the year, Bremer County amended its budget once. The amendment was made in May 2015 and resulted in a decrease in budgeted disbursements of \$1,468,815, primarily for physical health and social services.

The County's actual receipts were \$682,179 more than budgeted. The most significant variance resulted from the County receiving more intergovernmental and miscellaneous receipts than anticipated.

Total actual disbursements were \$2,606,868 less than the final amended budget, a variance of 15.1%. Actual disbursements for the public safety and legal services, mental health, administration and capital projects functions were \$293,383, \$877,516, \$278,772 and \$444,401, respectively, less than budgeted.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Bremer County, Iowa's governmental activities had \$32,575,411 invested (net of accumulated depreciation) in a broad range of capital assets, including public safety equipment, buildings, park facilities, and roads and bridges. This amount represents a net increase (including additions, deletions and depreciation) of \$3,723,306 or 12.9% more than the prior year.

Capital Assets of Governmental Activities at Year End

	June 30,	
	<u>2015</u>	2014, (As restated)
Land	\$ 2,268,770	\$ 2,127,310
Construction in progress	3,865,959	574,060
Buildings	5,819,165	5,954,421
Equipment and vehicles	2,379,649	1,980,855
Infrastructure, road network	16,825,945	16,725,549
Infrastructure, other	<u>1,415,923</u>	<u>1,489,910</u>
Totals	<u>\$ 32,575,411</u>	<u>\$ 28,852,105</u>
This year's major additions included:		
Land		\$ 141,460
Construction in progress		3,291,899
Equipment and vehicles		673,819
Infrastructure		<u>1,043,035</u>
		<u>\$ 5,150,213</u>

Capital assets of Bremer County's business type activities decreased \$29,446 from fiscal year 2014 to \$338,015. The primary reason for the decrease was depreciation expense.

The County's governmental activities had depreciation expense of \$1,372,740 for the year ended June 30, 2015, and total accumulated depreciation as of June 30, 2015 of \$23,797,772.

More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

At June 30, 2015, the County had \$2,345,000 in general obligation bonds compared to \$2,610,000 at June 30, 2014, as shown below.

Outstanding Debt of Governmental Activities at Year-End

	June 30,	
	<u>2015</u>	2014
General obligation bonds	\$ <u>2,345,000</u>	\$ <u>2,610,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below its constitution debt limit of approximately \$107,581,000. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Bremer County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates, and the fees charged for the various County activities. One of those factors is the economy. Unemployment in the County (as of June 2015) now stands at 3.5% compared to 3.7% a year ago. This compares with the State's unemployment rate of 3.6% and the national rate of 5.3%.

Inflation in the State is lower than the national Consumer Price Index increase. The State's CPI decrease was 1.860% for fiscal year 2015 compared with the national increase of 0.293%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are increasing by \$1,857,998 compared to the final fiscal year 2015 budget. Intergovernmental revenues are expected to make up the majority of this increase. Budgeted disbursements are expected to increase by \$523,612 compared to the final fiscal year 2015 budget. Increases in physical health and social services expenditures represent the majority of the increase. The County has added home health service initiatives to the fiscal year 2016 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease \$1,074,646 by the close of fiscal year 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Bremer County, Iowa'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 Cassandra Johansen, the Bremer County Finance Director, 415 E. Bremer Avenue, Waverly, Iowa 50677.

BASIC FINANCIAL STATEMENTS

BREMER COUNTY, IOWA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS:			
Cash, cash equivalents and pooled investments	\$ 14,314,317	\$ 275,097	\$ 14,589,414
Receivables:			
Property tax:			
Delinquent	23,201	-	23,201
Succeeding year	7,631,458	-	7,631,458
Succeeding year tax increment financing	196,086	-	196,086
Accounts	209,344	35,278	244,622
Economic development loan	4,325	-	4,325
Note	-	56,000	56,000
Community Based Services loan	150,334	(150,334)	-
Due from other governments	569,299	334,477	903,776
Inventories	424,368	-	424,368
Prepaid expenses	54,801	7,444	62,245
Capital assets (net of accumulated depreciation)	32,575,411	338,015	32,913,426
Total assets	<u>56,152,944</u>	<u>895,977</u>	<u>57,048,921</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	490,159	125,309	615,468
LIABILITIES:			
Accounts payable	349,703	28,895	378,598
Accrued interest payable	4,581	-	4,581
Salaries and benefits payable	291,782	86,604	378,386
Due to other governments	25,543	28,755	54,298
Long-term liabilities:			
Portion due or payable within one year:			
General obligation refunding bonds	265,000	-	265,000
Early retirement benefits	9,679	-	9,679
Compensated absences	345,601	66,066	411,667
Portion due or payable after one year:			
General obligation refunding bonds	2,080,000	-	2,080,000
Estimated liability for closure and postclosure care	547,200	-	547,200
Compensated absences	160,001	39,482	199,483
Net pension liability	2,611,910	667,736	3,279,646
Net OPEB liability	462,690	154,229	616,919
Total liabilities	<u>7,153,690</u>	<u>1,071,767</u>	<u>8,225,457</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	1,382,456	353,425	1,735,881
Unavailable property tax revenue	7,631,458	-	7,631,458
Unavailable tax increment financing revenue	196,086	-	196,086
Total deferred inflows of resources	<u>9,210,000</u>	<u>353,425</u>	<u>9,563,425</u>
NET POSITION:			
Net investment in capital assets	30,230,411	187,681	30,418,092
Restricted for:			
Supplemental levy purposes	217,613	-	217,613
Mental health purposes	1,579,733	-	1,579,733
Rural services purposes	255,212	-	255,212
Solid waste management	1,395,119	-	1,395,119
Secondary roads purposes	2,417,388	-	2,417,388
Landfill closure and postclosure care	1,341,765	-	1,341,765
Conservation purposes	136,135	-	136,135
Other purposes	2,229,417	-	2,229,417
Unrestricted	476,620	(591,587)	(114,967)
Total net position	<u>\$ 40,279,413</u>	<u>\$ (403,906)</u>	<u>\$ 39,875,507</u>

BREMER COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		Program Revenues		
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	<u>Expenses</u>	<u>Charges for Service</u>		
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety and legal services	\$ 3,391,965	\$ 147,622	\$ 819,804	\$ -
Physical health and social services	379,901	2,016	-	-
Mental health	1,054,460	20,393	311,381	-
County environment and education	1,610,145	382,056	61,139	-
Roads and transportation	5,077,460	540,789	2,870,587	3,291,899
Governmental services to residents	286,374	169,105	-	-
Administration	1,403,155	1,219,189	-	-
Nonprogram	21,850	-	-	-
Interest on long-term debt	59,180	-	-	-
Total governmental activities	13,284,490	2,481,170	4,062,911	3,291,899
Business type activities:				
Community Based Services	2,533,091	2,756,114	-	-
Total	\$ 15,817,581	\$ 5,237,284	\$ 4,062,911	\$ 3,291,899

GENERAL REVENUES:

Property and other County tax levied for general purposes
 Tax increment financing
 Penalty and interest on property tax
 State tax credits
 Local option sales tax
 Unrestricted investment earnings
 Loss on disposal of capital assets
 Miscellaneous
 Total general revenues

Change in net position

NET POSITION - Beginning of year, as restated

NET POSITION - End of year

Net (Expense) Revenues
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ (2,424,539)	\$ -	\$ (2,424,539)
(377,885)	-	(377,885)
(722,686)	-	(722,686)
(1,166,950)	-	(1,166,950)
1,625,815	-	1,625,815
(117,269)	-	(117,269)
(183,966)	-	(183,966)
(21,850)	-	(21,850)
(59,180)	-	(59,180)
<u>(3,448,510)</u>		<u>(3,448,510)</u>
	<u>223,023</u>	<u>223,023</u>
<u>(3,448,510)</u>	<u>223,023</u>	<u>(3,225,487)</u>
7,434,931	-	7,434,931
187,926	-	187,926
41,782	-	41,782
327,102	-	327,102
977,574	-	977,574
85,797	-	85,797
(40,178)	-	(40,178)
234,804	-	234,804
<u>9,249,738</u>		<u>9,249,738</u>
5,801,228	223,023	6,024,251
<u>34,478,185</u>	<u>(626,929)</u>	<u>33,851,256</u>
\$ <u>40,279,413</u>	\$ <u>(403,906)</u>	\$ <u>39,875,507</u>

BREMER COUNTY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Special Revenue	
		Mental Health	Rural Services
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 4,383,736	\$ 1,523,002	\$ 270,116
Receivables:			
Property tax:			
Delinquent	12,548	3,010	7,643
Succeeding year	4,559,931	998,156	2,073,371
Succeeding year tax increment financing	-	-	-
Accounts	133,845	-	-
Economic development loan	-	-	-
Advance to other fund	150,334	-	-
Due from other governments	77,505	76,341	-
Inventories	-	-	-
Prepaid expenses	27,297	1,690	-
	<u>9,345,196</u>	<u>2,602,199</u>	<u>2,351,130</u>
TOTAL ASSETS			
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 32,342	\$ 13,468	\$ 1
Salaries and benefits payable	190,717	7,578	14,578
Due to other governments	19,956	254	325
Total liabilities	<u>243,015</u>	<u>21,300</u>	<u>14,904</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Succeeding year property tax	4,559,931	998,156	2,073,371
Succeeding year tax increment financing	-	-	-
Other	12,548	3,010	7,643
Total deferred inflows of resources	<u>4,572,479</u>	<u>1,001,166</u>	<u>2,081,014</u>
<u>FUND BALANCES:</u>			
Nonspendable:			
Advance to other fund	150,334	-	-
Inventories	-	-	-
Prepaid expenses	27,297	1,690	-
Restricted:			
Supplemental levy purposes	217,613	-	-
Mental health purposes	-	1,578,043	-
Rural services purposes	-	-	255,212
Secondary roads purposes	-	-	-
Landfill closure and postclosure care	-	-	-
Solid waste/transfer station	-	-	-
Conservation land acquisition/capital improvements	136,135	-	-
Prison room and board	124,074	-	-
Other purposes	-	-	-
Unassigned	3,874,249	-	-
Total fund balances	<u>4,529,702</u>	<u>1,579,733</u>	<u>255,212</u>
	<u>9,345,196</u>	<u>2,602,199</u>	<u>2,351,130</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			

See Notes to Financial Statements

<u>Solid Waste Management</u>	<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 1,399,005	\$ 1,824,644	\$ 1,341,765	\$ 1,951,046	\$ 12,693,314
				23,201
				7,631,458
			196,086	196,086
3,243	69,276		2,810	209,174
			4,325	4,325
				150,334
	261,896		153,557	569,299
	424,368			424,368
1,680	24,134			54,801
<u>\$ 1,403,928</u>	<u>\$ 2,604,318</u>	<u>\$ 1,341,765</u>	<u>\$ 2,307,824</u>	<u>\$ 21,956,360</u>
\$ 420	\$ 111,402	\$ -	\$ 2,070	\$ 159,703
4,153	74,756	-	-	291,782
4,236	772	-	-	25,543
<u>8,809</u>	<u>186,930</u>	<u>-</u>	<u>2,070</u>	<u>477,028</u>
				7,631,458
			196,086	196,086
			4,325	27,526
			<u>200,411</u>	<u>7,855,070</u>
				150,334
	424,368			424,368
1,680	24,134			54,801
				217,613
				1,578,043
				255,212
	1,968,886			1,968,886
		1,341,765		1,341,765
1,393,439				1,393,439
				136,135
				124,074
			2,105,343	2,105,343
				3,874,249
<u>1,395,119</u>	<u>2,417,388</u>	<u>1,341,765</u>	<u>2,105,343</u>	<u>13,624,262</u>
<u>\$ 1,403,928</u>	<u>\$ 2,604,318</u>	<u>\$ 1,341,765</u>	<u>\$ 2,307,824</u>	<u>\$ 21,956,360</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

TOTAL GOVERNMENTAL FUND BALANCES		\$ 13,624,262
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$56,373,183 and the accumulated depreciation/amortization is \$23,797,772.		32,575,411
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		27,526
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to the individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		1,431,173
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	490,159	
Deferred inflows of resources	<u>(1,382,456)</u>	(892,297)
Long-term liabilities, including general obligation refunding bonds payable, landfill closure and postclosure care payable, compensated absences payable, early retirement benefits payable, other post employment benefits payable, net pension liabilities and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(6,486,662)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ <u>40,279,413</u>

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

				Special Revenue
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>
REVENUES:				
Property and other County tax	\$ 4,580,077	\$ 1,098,682	\$ 2,083,274	\$ -
Local option sales tax	-	-	-	-
Interest and penalty on property tax	41,782	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	1,612,546	311,381	99,998	-
Licenses and permits	367,404	-	-	-
Charges for service	718,354	-	-	103,962
Use of money and property	209,492	-	-	-
Miscellaneous	239,304	20,393	-	90
Total revenues	<u>7,768,959</u>	<u>1,430,456</u>	<u>2,183,272</u>	<u>104,052</u>
EXPENDITURES:				
Operating:				
Public safety and legal services	3,194,741	-	340,609	-
Physical health and social services	388,987	-	-	-
Mental health	251,293	826,299	-	-
County environment and education	1,018,490	-	263,196	165,967
Roads and transportation	-	-	-	-
Governmental services to residents	664,933	-	-	-
Administration	1,467,159	-	3,870	-
Nonprogram	9,519	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>6,995,122</u>	<u>826,299</u>	<u>607,675</u>	<u>165,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>773,837</u>	<u>604,157</u>	<u>1,575,597</u>	<u>(61,915)</u>
Other financial sources (uses):				
Sale of capital assets	12,275	-	-	-
Transfers in	1,007	-	-	-
Transfers out	(217,301)	-	(1,594,304)	-
Total other financing sources (uses)	<u>(204,019)</u>	<u>-</u>	<u>(1,594,304)</u>	<u>-</u>
Change in fund balances	569,818	604,157	(18,707)	(61,915)
FUND BALANCES - Beginning of year	<u>3,959,884</u>	<u>975,576</u>	<u>273,919</u>	<u>1,457,034</u>
FUND BALANCES - End of year	\$ <u>4,529,702</u>	\$ <u>1,579,733</u>	\$ <u>255,212</u>	\$ <u>1,395,119</u>

See Notes to Financial Statements

<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 7,762,033
-	-	977,574	977,574
-	-	-	41,782
-	-	187,926	187,926
2,870,587	-	18,140	4,912,652
6,645	-	-	374,049
-	-	4,954	827,270
-	-	59,924	269,416
219,898	-	1,610	481,295
<u>3,097,130</u>	<u>-</u>	<u>1,250,128</u>	<u>15,833,997</u>
-	-	33,150	3,568,500
-	-	-	388,987
-	-	-	1,077,592
-	115,312	25,648	1,588,613
4,374,319	-	-	4,374,319
-	-	5,639	670,572
-	-	-	1,471,029
-	-	-	9,519
-	-	336,511	336,511
-	-	1,175,494	1,175,494
<u>4,374,319</u>	<u>115,312</u>	<u>1,576,442</u>	<u>14,661,136</u>
<u>(1,277,189)</u>	<u>(115,312)</u>	<u>(326,314)</u>	<u>1,172,861</u>
1,714	-	-	13,989
1,786,605	-	25,000	1,812,612
-	-	(1,007)	(1,812,612)
<u>1,788,319</u>	<u>-</u>	<u>23,993</u>	<u>13,989</u>
511,130	(115,312)	(302,321)	1,186,850
<u>1,906,258</u>	<u>1,457,077</u>	<u>2,407,664</u>	<u>12,437,412</u>
\$ <u>2,417,388</u>	\$ <u>1,341,765</u>	\$ <u>2,105,343</u>	\$ <u>13,624,262</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,186,850

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

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

Expenditures for capital assets	\$ 1,858,314	
Capital assets contributed by the Iowa Department of Transportation	3,291,899	
Depreciation/amortization expense	<u>(1,372,740)</u>	3,777,473

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (54,167)

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.

Principal payments 265,000

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

Property tax	4,559	
Other	<u>(1,625)</u>	2,934

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. 503,530

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 governmental funds, as follows:

Other postemployment benefits	(49,726)	
Adjustments to estimated costs for landfill closure and postclosure care	17,800	
Early retirement	2,160	
Compensated absences	(17,693)	
Pension expense	(165,649)	
Interest on long-term debt	<u>283</u>	(212,825)

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health benefit plan to the individual funds. The change in net position of the Internal Service Fund is reported with the governmental activities. 332,433

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,801,228

See Notes to Financial Statements

BREMER COUNTY, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Enterprise Community Based Services</u>	<u>Internal Service Employee Group Health</u>	<u>Total</u>
<u>ASSETS:</u>			
Current assets:			
Cash and cash equivalents	\$ 275,097	\$ 1,621,003	\$ 1,896,100
Receivables:			
Accounts	35,278	170	35,448
Due from other governments	334,477	-	334,477
Prepaid expenses	7,444	-	7,444
Total current assets	<u>652,296</u>	<u>1,621,173</u>	<u>2,273,469</u>
Noncurrent assets:			
Receivables:			
Note	56,000	-	56,000
Capital assets, net of accumulated depreciation	338,015	-	338,015
Total noncurrent assets	<u>394,015</u>	<u>-</u>	<u>394,015</u>
TOTAL ASSETS	<u>1,046,311</u>	<u>1,621,173</u>	<u>2,667,484</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension related deferred outflows	125,309	-	125,309
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable	28,895	190,000	218,895
Due to other governments	28,755	-	28,755
Salaries and benefits payable	86,604	-	86,604
Compensated absenses	66,066	-	66,066
Advance from General Fund	12,624	-	12,624
Total current liabilities	<u>222,944</u>	<u>190,000</u>	<u>412,944</u>
Long-term liabilities:			
Compensated absenses	39,482	-	39,482
Advance from General Fund	137,710	-	137,710
Net pension liability	667,736	-	667,736
Net OPEB liability	154,229	-	154,229
Total long-term liabilities	<u>999,157</u>	<u>-</u>	<u>999,157</u>
TOTAL LIABILITIES	<u>1,222,101</u>	<u>190,000</u>	<u>1,412,101</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Pension related deferred inflows	353,425	-	353,425
<u>NET POSITION:</u>			
Net investment in capital assets	187,681	-	187,681
Unrestricted	(591,587)	1,431,173	839,586
TOTAL NET POSITION	<u>\$ (403,906)</u>	<u>\$ 1,431,173</u>	<u>\$ 1,027,267</u>

See Notes to Financial Statements

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Enterprise Community Based Services</u>	<u>Internal Service Employee Group Health</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Reimbursements from operating funds	\$ 94,044	\$ 1,632,572	\$ 1,726,616
Reimbursements from employees	-	104,538	104,538
State grants	62,082	-	62,082
Charges for service	2,555,682	-	2,555,682
Building rent	44,306	-	44,306
Miscellaneous	-	39,022	39,022
Total operating revenues	<u>2,756,114</u>	<u>1,776,132</u>	<u>4,532,246</u>
<u>OPERATING EXPENSES:</u>			
Medical claims	-	957,537	957,537
Insurance premiums	-	406,958	406,958
Administrative fees	-	85,643	85,643
Salaries and benefits	2,065,122	-	2,065,122
Operations and supplies	431,399	-	431,399
Depreciation	34,606	-	34,606
Total operating expenses	<u>2,531,127</u>	<u>1,450,138</u>	<u>3,981,265</u>
Operating income (loss)	224,987	325,994	550,981
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest expense	(1,964)	-	(1,964)
Interest income	-	6,439	6,439
Net non-operating revenues (expenses)	<u>(1,964)</u>	<u>6,439</u>	<u>4,475</u>
Change in net position	223,023	332,433	555,456
Net position beginning of year, as restated	<u>(626,929)</u>	<u>1,098,740</u>	<u>471,811</u>
Net position end of year	\$ <u>(403,906)</u>	\$ <u>1,431,173</u>	\$ <u>1,027,267</u>

BREMER COUNTY, IOWA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Enterprise Community Based Services</u>	<u>Internal Service Employee Group Health</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from operating fund reimbursements, employees and others	\$ 2,623,018	\$ 1,775,962	\$ 4,398,980
Cash payments to suppliers and employees for services	<u>(2,495,030)</u>	<u>(1,432,138)</u>	<u>(3,927,168)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>127,988</u>	<u>343,824</u>	<u>471,812</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Repayment of building loan	(12,468)	-	(12,468)
Purchase of equipment	(5,160)	-	(5,160)
Interest paid	<u>(1,964)</u>	<u>-</u>	<u>(1,964)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(19,592)</u>	<u>-</u>	<u>(19,592)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on investments	<u>-</u>	<u>6,439</u>	<u>6,439</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	108,396	350,263	458,659
<u>CASH AND CASH EQUIVALENTS - Beginning of year</u>	<u>166,701</u>	<u>1,270,740</u>	<u>1,437,441</u>
<u>CASH AND CASH EQUIVALENTS - End of year</u>	<u>\$ 275,097</u>	<u>\$ 1,621,003</u>	<u>\$ 1,896,100</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating income	\$ 224,987	\$ 325,994	\$ 550,981
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	34,606	-	34,606
Decrease (increase) in accounts receivable	93,038	(170)	92,868
Increase in due from other governments	(226,134)	-	(226,134)
Decrease in prepaid expenses	908	-	908
Increase in accounts payable	12,579	18,000	30,579
Increase in salaries and benefits payable	16,752	-	16,752
Increase in due to other governments	25,572	-	25,572
Increase in accrued compensated absences	15,485	-	15,485
Decrease in net pension liability	(441,359)	-	(441,359)
Decrease in deferred outflows of resources	1,554	-	1,554
Increase in deferred inflows of resources	353,425	-	353,425
Increase in net OPEB obligation	<u>16,575</u>	<u>-</u>	<u>16,575</u>
Net cash provided by operating activities	<u>\$ 127,988</u>	<u>\$ 343,824</u>	<u>\$ 471,812</u>

BREMER COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-
AGENCY FUNDS
JUNE 30, 2015

ASSETS

Cash and pooled investments:		
County Treasurer	\$	1,451,141
Other County officials		60,086
Receivables:		
Accounts		577
Property tax receivable:		
Delinquent		59,742
Succeeding year		26,506,788
Prepaid insurance		933
Due from other governments		26,491
	TOTAL ASSETS	<u>28,105,758</u>

LIABILITIES

Accounts payable		3,808
Due to other governments		28,020,841
Trusts payable		28,048
Salaries and benefits payable		14,985
Compensated absences		38,076
	TOTAL LIABILITIES	<u>28,105,758</u>
	NET POSITION	\$ <u> </u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

Jointly Governed Organizations – The County also 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: County Assessor's Conference Board, County Emergency Management Commission and 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.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue

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

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

The Solid Waste Management Fund is used to account for retained tonnage fees.

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.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Special Revenue (Continued)

The Solid Waste Closure Costs Fund is used to accumulate monies for closure and postclosure care for the closing of the County's landfill.

The County reports the following major proprietary fund:

The Enterprise, Community Based Services Fund is used to finance and account for the operation of mental health facilities for County residents through the rental and use of County owned buildings and the support of various user charges.

Additionally, the County reports the following funds:

Proprietary Fund

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

Fiduciary Funds

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% 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.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles 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 and business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at 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 three years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Machinery and Equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Infrastructure	15-50
Buildings	25-50
Machinery and Equipment	5-20

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to 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.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, MH-DD, Rural Services and Secondary Roads Funds.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position 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 consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable and tax increment financing revenue 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.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH, CASH EQUIVALENTS 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.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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) to 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.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Solid Waste Fee	\$ <u>1,007</u>
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	192,301 <u>1,594,304</u> <u>1,786,605</u>
Special Revenue: Economic Revolving Fund	General	<u>25,000</u> \$ <u>1,812,612</u>

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

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4: CAPITAL ASSETS

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

	Balance Beginning of Year, <u>as restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,127,310	\$ 141,460	\$ -	\$ 2,268,770
Construction in progress	<u>574,060</u>	<u>4,334,934</u>	<u>(1,043,035)</u>	<u>3,865,959</u>
Total capital assets not being depreciated/amortized	<u>2,701,370</u>	<u>4,476,394</u>	<u>(1,043,035)</u>	<u>6,134,729</u>
Capital assets being depreciated/amortized:				
Buildings	7,818,811	-	-	7,818,811
Equipment and vehicles	7,001,774	673,819	(669,261)	7,006,332
Infrastructure, road network	32,589,366	1,043,035	-	33,632,401
Infrastructure, other	<u>1,780,910</u>	<u>-</u>	<u>-</u>	<u>1,780,910</u>
Total capital assets being depreciated/amortized	<u>49,190,861</u>	<u>1,716,854</u>	<u>(669,261)</u>	<u>50,238,454</u>
Less accumulated depreciation/amortization for:				
Buildings	1,864,390	135,256	-	1,999,646
Machinery and equipment	5,020,919	220,858	(615,094)	4,626,683
Infrastructure, road network	15,863,817	942,639	-	16,806,456
Infrastructure, other	<u>291,000</u>	<u>73,987</u>	<u>-</u>	<u>364,987</u>
Total accumulated depreciation/amortization	<u>23,040,126</u>	<u>1,372,740</u>	<u>(615,094)</u>	<u>23,797,772</u>
Total capital assets being depreciated/amortized, net	<u>26,150,735</u>	<u>344,114</u>	<u>(54,167)</u>	<u>26,440,682</u>
Governmental activities capital assets, net	\$ <u>28,852,105</u>	\$ <u>4,820,508</u>	\$ <u>(1,097,202)</u>	\$ <u>32,575,411</u>
Business type activities:				
Capital assets not being depreciated:				
Land	\$ <u>35,238</u>	\$ -	\$ -	\$ <u>35,238</u>
Capital assets being depreciated:				
Buildings	652,442	-	-	652,442
Equipment and vehicles	<u>161,352</u>	<u>5,160</u>	<u>-</u>	<u>166,512</u>
Total capital assets being depreciated	<u>813,794</u>	<u>5,160</u>	<u>-</u>	<u>818,954</u>
Less accumulated depreciation for:				
Buildings	352,201	26,565	-	378,766
Equipment and vehicles	<u>129,370</u>	<u>8,041</u>	<u>-</u>	<u>137,411</u>
Total accumulated depreciation	<u>481,571</u>	<u>34,606</u>	<u>-</u>	<u>516,177</u>
Business type activities capital assets, net	\$ <u>367,461</u>	\$ <u>(29,446)</u>	\$ -	\$ <u>338,015</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 108,676
Physical health and social services	1,593
Mental health	7,094
County environment and education	91,183
Roads and transportation	1,086,216
Governmental services to residents	61,475
Administration	<u>16,503</u>
Total depreciation/amortization expense – governmental activities	\$ <u>1,372,740</u>
Business type activities:	
Community Based Services	\$ <u>34,606</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 19,956
Special Revenue:		
Mental Health	Services	254
Rural Services	Services	325
Solid Waste Management	Services	4,236
Secondary Roads	Services	<u>772</u>
		<u>5,587</u>
Total for governmental funds		\$ <u>25,543</u>
Agency:		
Agriculture Extension Education	Collections	\$ 213,149
County Assessor		892,660
Schools		16,722,009
Community Colleges		1,109,366
Corporations		7,779,479
Townships		305,656
Auto License and Use Tax		645,316
All other		<u>353,206</u>
Total for agency funds		\$ <u>28,020,841</u>

NOTE 6: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	<u>General Obligation Refunding Bonds</u>	<u>Early Retirement</u>	<u>Compensated Absences</u>	<u>Governmental Activities Estimated Liability for Landfill Closure and Postclosure Care</u>	<u>Net pension liability</u>	<u>Net OPEB Liability</u>	<u>Total</u>
Balance beginning of year, as restated	\$ 2,610,000	\$ 11,839	\$ 487,909	\$ 565,000	\$ 4,338,326	\$ 412,964	\$ 8,426,038
Increases	-	9,340	347,190	-	-	49,726	406,256
Decreases	<u>(265,000)</u>	<u>(11,500)</u>	<u>(329,497)</u>	<u>(17,800)</u>	<u>(1,726,416)</u>	-	<u>(2,350,213)</u>
Balance end of year	\$ <u>2,345,000</u>	\$ <u>9,679</u>	\$ <u>505,602</u>	\$ <u>547,200</u>	\$ <u>2,611,910</u>	\$ <u>462,690</u>	\$ <u>6,482,081</u>
Due within one year	\$ <u>265,000</u>	\$ <u>9,679</u>	\$ <u>345,601</u>	\$ -	\$ -	\$ -	\$ <u>620,280</u>
				<u>Business Type Activities</u>			
			<u>Compensated Absences</u>	<u>Net pension liability</u>	<u>Net OPEB Liability</u>	<u>Total</u>	
Balance beginning of year, as restated		\$	90,063	\$ 1,109,095	\$ 137,654	\$ 1,336,812	
Increases			73,819	-	16,575	90,394	
Decreases			<u>(58,334)</u>	<u>(441,359)</u>	-	<u>(499,693)</u>	
Balance end of year		\$	<u>105,548</u>	\$ <u>667,736</u>	\$ <u>154,229</u>	\$ <u>927,513</u>	
Due within one year		\$	<u>66,066</u>	\$ -	\$ -	\$ <u>66,066</u>	

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6: LONG-TERM LIABILITIES (Continued)

General Obligation Refunding Bonds

In June 2011, the County issued \$3,130,000 of general obligation refunding bonds with interest at rates ranging from .75% to 3.10% per annum. Proceeds from the bonds, along with \$1,050,000 the County had set aside, were used to refund the outstanding LOST and Wartburg general obligation bonds in June 2012.

A summary of the County's June 30, 2015 outstanding general obligation refunding bonds is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.50%	\$ 265,000	\$ 55,735	\$ 320,735
2017	1.80	275,000	51,760	326,760
2018	2.10	275,000	46,810	321,810
2019	2.30	280,000	41,035	321,035
2020	2.55	290,000	34,595	324,595
2021-2023	2.75-3.10	<u>960,000</u>	<u>41,760</u>	<u>1,001,760</u>
		\$ <u>2,345,000</u>	\$ <u>271,695</u>	\$ <u>2,616,695</u>

During the year ended June 30, 2015, the County retired \$265,000 of bonds.

NOTE 7: ECONOMIC DEVELOPMENT LOAN

In September 1992, the County loaned \$40,000 to a local business. The interest free loan allowed the business to purchase property and requires monthly payments of \$100. The County was repaid \$1,625 during the year ended June 30, 2015, resulting in an unpaid balance of \$4,325 at June 30, 2015.

NOTE 8: PENSION PLAN

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 8: PENSION PLAN (Continued)

Pension Benefits (Continued)

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 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 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 the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

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

Contributions – 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 percent of pay and the County contributed 8.93 percent for a total rate of 14.88 percent. Sheriff and deputy members and the County both contributed 9.88 percent of pay for a total rate of 19.76 percent. Protection occupation members contributed 6.76 percent of pay and the County contributed 10.14 percent for a total rate of 16.90 percent.

The County's contributions to IPERS for the year ended June 30, 2015 were \$632,582.

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 \$3,279,646 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 proportions was .0826960 percent which was a decrease of .012179 percent from its collective proportion measured as of June 30, 2013.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: PENSION PLAN (Continued)

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 \$208,321. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,132	\$ 38,402
Changes of assumptions	150,784	34,805
Net difference between projected and actual earnings on pension plan investments	-	1,662,674
Changes in proportion and differences between County contributions and proportionate share of contributions	(205,030)	-
County contributions subsequent to the measurement date	<u>632,582</u>	<u>-</u>
Total	\$ <u>615,468</u>	\$ <u>1,735,881</u>

\$632,582 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:

<u>Year Ended June 30,</u>	<u>Total</u>
2016	\$ (436,772)
2017	(436,772)
2018	(436,772)
2019	(436,772)
2020	<u>(5,907)</u>
	\$ <u>(1,752,995)</u>

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 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

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.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100</u> %	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. 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 7.5 percent, 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
County's proportionate share of the net pension liability	\$ 7,089,650	\$ 3,279,646	\$ 66,270

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 reported no payables to the defined benefit pension plan.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: RISK MANAGEMENT

Bremer County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were \$128,855.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10: EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2015 was \$1,632,572.

Amounts payable from the Employee Group Health Fund at June 30, 2015 total \$190,000 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,413,173 at June 30, 2015 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 172,000
Incurred claims (including claims incurred but not reported at June 30, 2015)	957,537
Payments on claims during the fiscal year	<u>(939,537)</u>
Unpaid claims end of year	\$ <u>190,000</u>

NOTE 11: LANDFILL CLOSURE AND POSTCLOSURE CARE

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

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

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11: LANDFILL CLOSURE AND POSTCLOSURE CARE (Continued)

The total costs for the County's Landfill have been estimated at \$547,200 as of June 30, 2015 and the portion of the liability that has been recognized is \$547,200. This liability represents the cumulative amount reported to date based on the use of approximately 100% of the capacity of the landfill. By October 1, 2007, Iowa solid waste landfills must have met the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. The County implemented closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and opened a transfer station instead of constructing new cells. The Landfill plans to maintain its recycling program and will use existing resources to finance these activities. A provision for the above liability has been made in the County's Statement of Net Position as of June 30, 2015. The County has accumulated resources to fund these costs and, at June 30, 2015, deposits of \$1,341,765 are held for these purposes. These resources are reported in the Special Revenue, Solid Waste Closure Fund.

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drugs benefits for employees, retirees and their spouses. There are 123 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drugs benefits are provided through a fully funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drugs benefit as active employees, which results in an implicit 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	\$ 78,202
Interest on net OPEB obligation	13,765
Adjustment to annual required contribution	<u>(25,666)</u>
Annual OPEB cost	66,301
Contributions made	<u>—</u>
Increase in net OPEB obligation	66,301
Net OPEB obligation beginning of year	<u>550,618</u>
Net OPEB obligation end of year	\$ <u>616,919</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County did not contribute to the medical plan. Plan members eligible for benefits also did not make any contributions.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ <u>96,624</u>	.1%	\$ <u>444,445</u>
2014	\$ <u>106,173</u>	-	\$ <u>550,618</u>
2015	\$ <u>66,301</u>	-	\$ <u>616,919</u>

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$422,890 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$422,890. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,032,000 and the ratio of the UAAL to covered payroll was 6.01%. 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, will present 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 that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual and ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$476 per month. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 13: RETIREMENT FACILITY REVENUE BONDS

The County has issued a total of \$17,715,000 of retirement facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2015, the outstanding balance of the retirement facility revenue bonds is \$13,670,000. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14: BREMER COUNTY, IOWA FINANCIAL INFORMATION INCLUDED IN THE MENTAL HEALTH REGION

Mental Health/Disability Services of the East Central Region (MHDS-ECR), a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Benton, Bremer, Buchanan, Delaware, Dubuque, Iowa, Johnson, Jones and Linn. The financial activity of Bremer County, Iowa's Special Revenue, Mental Health Fund is included in the MHDS-ECR for the year ended June 30, 2015 as follows:

Revenues:			
Property and other county tax	\$		1,098,682
Intergovernmental revenues:			
State tax credits	\$	69,331	
Social services block grant		63,876	
Other intergovernmental revenues		<u>178,174</u>	311,381
Miscellaneous			<u>20,393</u>
Total revenues			<u>1,430,456</u>
Expenditures:			
Services to persons with:			
Mental illness		62,744	
Intellectual disability		<u>1,092</u>	63,836
General administration			
Direct administration		121,845	
Distribution to regional fiscal agent		<u>640,618</u>	<u>762,463</u>
Total expenditures			<u>826,299</u>
Excess of revenues over expenditures			604,157
Fund balance beginning of the year			<u>975,576</u>
Fund balance end of the year	\$		<u>1,579,733</u>

NOTE 15: 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 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.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 15: ACCOUNTING CHANGE/RESTATEMENT (Continued)

Additionally, during the year ended June 30, 2015 it was determined certain capital assets were mistakenly omitted from the financial statements for purchases made prior to June 30, 2014 while other assets that had previously been reported at June 30, 2014 had been disposed of. It was also determined during the fiscal year that the amount reported for accrued salaries and benefits payable in the Community Based Services, proprietary fund was mistakenly overstated at June 30, 2014.

Beginning net position for governmental and business type activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date and to adjust for the correction of capital assets and accrued salaries and benefits payable, as follows:

	<u>Governmental Activities</u>	<u>Business type Activities Community Based Services</u>
Net position June 30, 2014, as previously reported	\$ 37,719,115	\$ 265,239
Net pension liability at June 30, 2014	(4,338,326)	(1,109,095)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	496,238	126,863
Adjustment to correct capital assets previously reported	601,158	-
Adjustment to correct accrued salaries and benefits payable previously reported	<u>-</u>	<u>90,064</u>
Net position June 30, 2014, as restated	\$ <u>34,478,185</u>	\$ <u>(626,929)</u>

NOTE 16: INTERFUND BALANCES

There is an interfund advance of \$150,334 at June 30, 2015 from the General Fund to the Enterprise, Community Based Services Fund related to the purchase of land and a building. The interfund advance is for a period of fifteen years at an interest rate of 1.25% and requires monthly installments of \$1,202. During the year ended June 30, 2015, the Community Based Services Fund repaid \$12,468 of the advance and interest of \$1,964.

NOTE 17: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2014 have been classified to conform to June 30, 2015 presentation.

NOTE 18: SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 27, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
		<u>Original</u>	<u>Final</u>	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 8,844,329	\$ 8,798,119	\$ 8,798,119	\$ 46,210
Interest and penalty on property tax	41,782	14,000	14,000	27,782
Intergovernmental	4,815,661	5,833,237	4,411,550	404,111
Licenses and permits	362,774	277,100	277,100	85,674
Charges for service	808,158	866,000	842,000	(33,842)
Use of money and property	273,148	258,503	258,503	14,645
Miscellaneous	420,199	497,600	282,600	137,599
Total receipts	<u>15,566,051</u>	<u>16,544,559</u>	<u>14,883,872</u>	<u>682,179</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	3,553,170	3,846,553	3,846,553	293,383
Physical health and social services	391,992	2,018,456	536,153	144,161
Mental health	1,133,232	2,010,748	2,010,748	877,516
County environment and education	1,437,964	1,639,501	1,647,494	209,530
Roads and transportation	4,362,795	4,627,300	4,627,300	264,505
Governmental services to residents	671,968	691,095	695,590	23,622
Administration	1,459,873	1,737,645	1,738,645	278,772
Nonprogram	24,263	95,241	95,241	70,978
Debt service	324,680	324,680	324,680	-
Capital projects	1,341,349	1,785,750	1,785,750	444,401
Total disbursements	<u>14,701,286</u>	<u>18,776,969</u>	<u>17,308,154</u>	<u>2,606,868</u>
Excess (deficiency) of receipts over (under) disbursements	864,765	(2,232,410)	(2,424,282)	3,289,047
Other financing sources, net	<u>13,989</u>	<u>750</u>	<u>750</u>	<u>13,239</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	878,754	(2,231,660)	(2,423,532)	3,302,286
<u>BALANCE</u> - Beginning of year	<u>11,814,560</u>	<u>9,994,847</u>	<u>9,994,847</u>	<u>1,819,713</u>
<u>BALANCE</u> - End of year	\$ <u>12,693,314</u>	\$ <u>7,763,187</u>	\$ <u>7,571,315</u>	\$ <u>5,121,999</u>

BREMER COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

	Governmental Funds		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 15,566,051	\$ 267,946	\$ 15,833,997
Expenditures	<u>14,701,286</u>	<u>(40,150)</u>	<u>14,661,136</u>
Net	864,765	308,096	1,172,861
Other financing sources, net	13,989	-	13,989
Beginning fund balance	<u>11,814,560</u>	<u>622,852</u>	<u>12,437,412</u>
Ending fund balance	\$ <u>12,693,314</u>	\$ <u>930,948</u>	\$ <u>13,624,262</u>

BREMER COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

YEAR ENDED 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 the Internal Service Fund, Enterprise and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment decreased budgeted disbursements by \$1,468,815. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted.

BREMER COUNTY, IOWA

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>
County's proportion of the net pension liability	0.082690 %
County's proportionate share of the net pension liability	\$ 3,279,646
County's covered-employee payroll	\$ 6,859,655
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	47.81 %
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.

BREMER COUNTY, IOWA

SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 2 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 632,582	\$ 623,101
Contributions in relation to the statutorily required contribution	<u>(632,582)</u>	<u>(623,101)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>
County's covered-employee payroll	\$ 6,936,578	\$ 6,859,655
Contributions as a percentage of covered-employee payroll	9.12 %	9.08 %

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.

BREMER COUNTY, IOWA

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 percent per year measured from the member's first unreduced retirement age to a 6 percent 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 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent 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 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

BREMER COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2009	July 1, 2008	\$ <u> -</u>	\$ <u>665,992</u>	\$ <u>665,992</u>	0.00%	\$ <u>5,383,631</u>	12.37%
2010	July 1, 2008	\$ <u> -</u>	\$ <u>665,992</u>	\$ <u>665,992</u>	0.00%	\$ <u>5,670,368</u>	11.75%
2011	July 1, 2008	\$ <u> -</u>	\$ <u>648,857</u>	\$ <u>648,857</u>	0.00%	\$ <u>6,087,027</u>	10.66%
2012	July 1, 2011	\$ <u> -</u>	\$ <u>799,188</u>	\$ <u>799,188</u>	0.00%	\$ <u>7,051,000</u>	11.33%
2013	July 1, 2011	\$ <u> -</u>	\$ <u>799,188</u>	\$ <u>799,188</u>	0.00%	\$ <u>7,059,000</u>	11.33%
2014	July 1, 2011	\$ <u> -</u>	\$ <u>799,188</u>	\$ <u>799,188</u>	0.00%	\$ <u>6,990,000</u>	11.44%
2015	July 1, 2014	\$ <u> -</u>	\$ <u>422,890</u>	\$ <u>422,890</u>	0.00%	\$ <u>7,032,000</u>	6.01%

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Local Option Sales Tax	Urban Renewal	Tri County Drug Money
<u>ASSETS</u>			
Cash and pooled investments	\$ 1,477,155	\$ 21,311	\$ 43,252
Receivables:			
Succeeding year tax increment financing	-	196,086	-
Accounts	-	2	-
Economic development loan	-	-	-
Due from other governments	153,447	-	-
TOTAL ASSETS	\$ 1,630,602	\$ 217,399	\$ 43,252
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ -	\$ -
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable tax increment financing revenue	-	196,086	-
Other	-	-	-
Total deferred inflows of resources	-	196,086	-
<u>FUND BALANCES:</u>			
Restricted	1,630,602	21,313	43,252
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,630,602	\$ 217,399	\$ 43,252

<u>Economic Revolving Fund</u>	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Rural Enterprise</u>	<u>Convenience Center Closure Fund</u>	<u>Solid Waste Fee</u>
\$ 156,473	\$ 12,002	\$ 7,159	\$ 29,677	\$ 4,000	\$ 937
		-			
		576			
			4,325		
<u>\$ 156,473</u>	<u>\$ 12,002</u>	<u>\$ 7,735</u>	<u>\$ 34,002</u>	<u>\$ 4,000</u>	<u>\$ 937</u>
<u>\$ -</u>	<u>\$ 463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			-		
			4,325		
			4,325		
<u>156,473</u>	<u>11,539</u>	<u>7,735</u>	<u>29,677</u>	<u>4,000</u>	<u>937</u>
<u>\$ 156,473</u>	<u>\$ 12,002</u>	<u>\$ 7,735</u>	<u>\$ 34,002</u>	<u>\$ 4,000</u>	<u>\$ 937</u>

BREMER COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

<u>ASSETS</u>	Special Revenue			
	<u>Drainage Districts</u>	<u>HHM Financial Assurance</u>	<u>Sheriff's Commissary</u>	<u>County Attorney Forfeiture</u>
Cash and pooled investments	\$ 2,719	\$ 3,000	\$ 153,658	\$ 969
Receivables:				
Succeeding year tax increment financing	-	-	-	-
Accounts	-	-	2,232	-
Economic development loan	-	-	-	-
Due from other governments	-	-	-	110
TOTAL ASSETS	\$ 2,719	\$ 3,000	\$ 155,890	\$ 1,079
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ -	\$ -	\$ 1,607	\$ -
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable tax increment financing revenue	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<u>FUND BALANCES:</u>				
Restricted	2,719	3,000	154,283	1,079
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,719	\$ 3,000	\$ 155,890	\$ 1,079

<u>Capital Projects</u>	
<u>Rolling</u>	
<u>Prairie Trail</u>	
<u>Fund</u>	<u>Total</u>
\$ 38,734	\$ 1,951,046
-	196,086
-	2,810
-	4,325
-	<u>153,557</u>
<u>\$ 38,734</u>	<u>\$ 2,307,824</u>
\$ -	\$ 2,070
-	196,086
-	4,325
-	<u>200,411</u>
<u>38,734</u>	<u>2,105,343</u>
<u>\$ 38,734</u>	<u>\$ 2,307,824</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue			
	Local Option Sales Tax	Urban Renewal	Federal Drug Money	Tri County Drug Money
<u>REVENUES:</u>				
Local option sales tax	\$ 977,574	\$ -	\$ -	\$ -
Tax increment financing	-	187,926	-	-
Intergovernmental	-	-	-	-
Charges for service	-	-	-	-
Use of money and property	8,700	178	-	65
Miscellaneous	-	-	-	-
Total revenues	986,274	188,104	-	65
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	-	-	3,105	-
County environment and education	-	-	-	-
Governmental services to residents	-	-	-	-
Debt service	153,590	182,921	-	-
Capital projects	1,169,226	-	-	-
Total expenditures	1,322,816	182,921	3,105	-
Excess (deficiency) of revenues over (under) expenditures	(336,542)	5,183	(3,105)	65
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances	(336,542)	5,183	(3,105)	65
<u>FUND BALANCES</u> - Beginning of year	1,967,144	16,130	3,105	43,187
<u>FUND BALANCES</u> - End of year	\$ 1,630,602	\$ 21,313	\$ -	\$ 43,252

<u>Economic Revolving Fund</u>	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Rural Enterprise</u>	<u>Convenience Center Closure Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	17,203	-	-	-
-	-	4,954	-	-
197	21	10	-	-
<u>197</u>	<u>17,224</u>	<u>4,964</u>	<u>1,500</u>	<u>-</u>
-	-	-	-	-
-	25,648	-	-	-
-	-	5,639	-	-
-	-	-	-	-
<u>-</u>	<u>25,648</u>	<u>5,639</u>	<u>-</u>	<u>-</u>
197	(8,424)	(675)	1,500	-
25,000	-	-	-	-
<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
25,197	(8,424)	(675)	1,500	-
<u>131,276</u>	<u>19,963</u>	<u>8,410</u>	<u>28,177</u>	<u>4,000</u>
\$ <u>156,473</u>	\$ <u>11,539</u>	\$ <u>7,735</u>	\$ <u>29,677</u>	\$ <u>4,000</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue				
	Solid Waste Fee	Drainage Districts	HHM Financial Assurance	Sheriff's Commissary	County Attorney Forfeiture
<u>REVENUES:</u>					
Local option sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing	-	-	-	-	-
Intergovernmental	937	-	-	-	-
Charges for service	-	-	-	-	-
Use of money and property	-	-	-	50,753	-
Miscellaneous	-	-	-	-	110
Total revenues	<u>937</u>	<u>-</u>	<u>-</u>	<u>50,753</u>	<u>110</u>
<u>EXPENDITURES:</u>					
Operating:					
Public safety and legal services	-	-	-	30,045	-
County environment and education	-	-	-	-	-
Governmental services to residents	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,045</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>937</u>	<u>-</u>	<u>-</u>	<u>20,708</u>	<u>110</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	<u>(1,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financing sources (uses)	<u>(1,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(70)	-	-	20,708	110
<u>FUND BALANCES</u> - Beginning of year	<u>1,007</u>	<u>2,719</u>	<u>3,000</u>	<u>133,575</u>	<u>969</u>
<u>FUND BALANCES</u> - End of year	\$ <u>937</u>	\$ <u>2,719</u>	\$ <u>3,000</u>	\$ <u>154,283</u>	\$ <u>1,079</u>

Capital Projects

<u>Rolling Prairie Trail Fund</u>	<u>Total</u>
\$ -	\$ 977,574
-	187,926
-	18,140
-	4,954
-	59,924
-	1,610
<u>-</u>	<u>1,250,128</u>
-	33,150
-	25,648
-	5,639
-	336,511
<u>6,268</u>	<u>1,175,494</u>
<u>6,268</u>	<u>1,576,442</u>
<u>(6,268)</u>	<u>(326,314)</u>
-	25,000
-	(1,007)
<u>-</u>	<u>23,993</u>
<u>(6,268)</u>	<u>(302,321)</u>
<u>45,002</u>	<u>2,407,664</u>
\$ <u>38,734</u>	\$ <u>2,105,343</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2015

	<u>County Offices</u>		<u>Agricultural</u>	<u>County</u>
<u>ASSETS</u>	<u>County</u>	<u>County</u>	<u>Extension</u>	<u>Assessor</u>
	<u>Auditor</u>	<u>Sheriff</u>	<u>Education</u>	
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ 1,350	\$ 366,878
Other County officials	15,437	44,649	-	-
Receivables:				
Accounts	-	-	-	-
Property tax:				
Delinquent	-	-	492	1,321
Succeeding year	-	-	211,307	565,875
Prepaid expenses	-	-	-	803
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ <u>15,437</u>	\$ <u>44,649</u>	\$ <u>213,149</u>	\$ <u>934,877</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 155
Due to other governments	15,437	16,601	213,149	892,660
Trusts payable	-	28,048	-	-
Salaries and benefits payable	-	-	-	12,423
Compensated absences	-	-	-	29,639
TOTAL LIABILITIES	\$ <u>15,437</u>	\$ <u>44,649</u>	\$ <u>213,149</u>	\$ <u>934,877</u>

<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ 92,814	\$ 6,475	\$ 30,980	\$ 2,475	\$ 4,177
-	-	-	-	-
-	-	-	-	-
39,708	2,819	14,393	999	-
16,589,487	1,100,072	7,734,106	302,182	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 16,722,009</u>	<u>\$ 1,109,366</u>	<u>\$ 7,779,479</u>	<u>\$ 305,656</u>	<u>\$ 4,177</u>
\$ -	\$ -	\$ -	\$ -	\$ -
16,722,009	1,109,366	7,779,479	305,656	4,177
-	-	-	-	-
-	-	-	-	-
<u>\$ 16,722,009</u>	<u>\$ 1,109,366</u>	<u>\$ 7,779,479</u>	<u>\$ 305,656</u>	<u>\$ 4,177</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

<u>ASSETS</u>	Auto License and Use Tax	Other	<u>Total</u>
Cash and pooled investments:			
County Treasurer	\$ 645,316	\$ 300,676	\$ 1,451,141
Other County officials	-	-	60,086
Receivables:			
Accounts	-	577	577
Property tax:			
Delinquent	-	10	59,742
Succeeding year	-	3,759	26,506,788
Prepaid expenses	-	130	933
Due from other governments	-	26,491	26,491
	<u>\$ 645,316</u>	<u>\$ 331,643</u>	<u>\$ 28,105,758</u>
TOTAL ASSETS			
	<u>\$ 645,316</u>	<u>\$ 331,643</u>	<u>\$ 28,105,758</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 3,653	\$ 3,808
Due to other governments	645,316	316,991	28,020,841
Trusts payable	-	-	28,048
Salaries and benefits payable	-	2,562	14,985
Compensated absences	-	8,437	38,076
	<u>\$ 645,316</u>	<u>\$ 331,643</u>	<u>\$ 28,105,758</u>
TOTAL LIABILITIES			
	<u>\$ 645,316</u>	<u>\$ 331,643</u>	<u>\$ 28,105,758</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

<u>ASSETS AND LIABILITIES</u>	County Offices			Agricultural
	<u>County</u>	<u>County</u>	<u>County</u>	<u>Extension</u>
	<u>Recorder</u>	<u>Auditor</u>	<u>Sheriff</u>	<u>Education</u>
Balances beginning of year	\$ <u> -</u>	\$ <u> 15,323</u>	\$ <u> 42,788</u>	\$ <u> 205,174</u>
Additions:				
Property and other County tax	-	-	-	204,593
E911 surcharge	-	-	-	-
State tax credits	-	-	-	12,459
Office fees and collections	450,965	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	134	248,814	-
Miscellaneous	-	-	69,721	-
Total additions	<u> 450,965</u>	<u> 134</u>	<u> 318,535</u>	<u> 217,052</u>
Deductions:				
Agency remittances:				
To other funds	307,703	-	67,561	-
To other governments	143,262	-	-	209,077
Trusts paid out	-	20	249,113	-
Total deductions	<u> 450,965</u>	<u> 20</u>	<u> 316,674</u>	<u> 209,077</u>
Balances end of year	\$ <u> -</u>	\$ <u> 15,437</u>	\$ <u> 44,649</u>	\$ <u> 213,149</u>

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ <u>783,547</u>	\$ <u>16,134,480</u>	\$ <u>1,081,361</u>	\$ <u>7,817,553</u>	\$ <u>296,674</u>	\$ <u>2,050</u>
550,992	16,063,684	1,064,477	9,076,289	296,710	-
30,619	973,007	65,455	633,897	13,726	-
-	-	-	-	-	-
-	-	-	-	-	43,294
-	-	-	-	-	-
<u>581,611</u>	<u>17,036,691</u>	<u>1,129,932</u>	<u>9,710,186</u>	<u>310,436</u>	<u>43,294</u>
430,281	16,449,162	1,101,927	9,748,260	301,454	41,167
<u>430,281</u>	<u>16,449,162</u>	<u>1,101,927</u>	<u>9,748,260</u>	<u>301,454</u>	<u>41,167</u>
\$ <u>934,877</u>	\$ <u>16,722,009</u>	\$ <u>1,109,366</u>	\$ <u>7,779,479</u>	\$ <u>305,656</u>	\$ <u>4,177</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

<u>ASSETS AND LIABILITIES</u>	Auto License and Use Tax	Other	Total
Balances beginning of year	\$ <u>655,879</u>	\$ <u>431,653</u>	\$ <u>27,466,482</u>
Additions:			
Property and other County tax	-	54,000	27,310,745
E911 surcharge	-	132,254	132,254
State tax credits	-	226	1,729,389
Office fees and collections	-	-	450,965
Auto licenses, use tax and postage	7,772,531	-	7,772,531
Assessments	-	-	43,294
Trusts	-	-	248,948
Miscellaneous	-	454,398	524,119
Total additions	<u>7,772,531</u>	<u>640,878</u>	<u>38,212,245</u>
Deductions:			
Agency remittances:			
To other funds	-	-	375,264
To other governments	7,783,094	740,888	36,948,572
Trusts paid out	-	-	249,133
Total deductions	<u>7,783,094</u>	<u>740,888</u>	<u>37,572,969</u>
Balances end of year	\$ <u>645,316</u>	\$ <u>331,643</u>	\$ <u>28,105,758</u>

BREMER COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUES:				
Property and other County tax	\$ 7,949,959	\$ 7,305,095	\$ 7,058,109	\$ 6,672,040
Local option sales tax	977,574	879,895	854,440	942,884
Interest and penalty on property tax	41,782	51,293	41,207	45,109
Intergovernmental	4,912,652	4,367,908	3,776,475	5,159,518
Licenses and permits	374,049	288,761	288,265	265,163
Charges for service	827,270	796,831	834,796	816,949
Use of money and property	269,416	333,848	311,337	313,573
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	481,295	380,927	644,784	691,414
Total	\$ <u>15,833,997</u>	\$ <u>14,404,558</u>	\$ <u>13,809,413</u>	\$ <u>14,906,650</u>
EXPENDITURES:				
Operating:				
Public safety and legal services	\$ 3,568,500	\$ 3,495,615	\$ 3,386,657	\$ 3,103,537
Physical health and social services	398,987	790,812	668,276	408,499
Mental health	1,067,592	865,260	1,275,171	2,690,714
County environment and education	1,588,613	1,362,432	1,125,851	1,104,944
Roads and transportation	4,374,319	4,747,527	4,025,290	4,361,680
Governmental services to residents	670,572	695,539	667,817	665,843
Administration	1,471,029	1,352,654	1,367,657	1,474,736
Non-program	9,519	17,109	40,312	36,532
Debt service	336,511	341,139	319,242	4,572,915
Capital projects	1,175,494	132,253	581,671	1,235,726
Total	\$ <u>14,661,136</u>	\$ <u>13,800,340</u>	\$ <u>13,457,944</u>	\$ <u>19,655,126</u>

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	6,704,917	\$ 7,050,480	\$ 6,860,989	\$ 6,413,595	\$ 6,129,820	\$ 5,628,576
	838,622	882,241	857,459	854,683	748,591	655,722
	51,494	49,598	45,661	47,639	49,600	40,636
	5,576,557	5,338,817	5,553,202	4,582,053	3,648,166	3,731,301
	249,392	310,690	288,404	247,059	322,052	221,814
	654,575	633,558	661,815	901,004	1,231,011	1,184,065
	419,978	592,226	767,094	572,348	376,759	317,050
	-	-	-	-	5,541	2,629
	<u>293,070</u>	<u>493,904</u>	<u>319,345</u>	<u>324,838</u>	<u>453,176</u>	<u>366,393</u>
\$	<u>14,788,605</u>	<u>15,351,514</u>	<u>15,353,969</u>	<u>13,943,219</u>	<u>12,964,716</u>	<u>12,148,186</u>
\$	3,025,586	\$ 2,870,066	\$ 2,826,284	\$ 2,697,168	\$ 2,511,977	\$ 2,313,922
	353,889	562,968	577,372	547,100	534,235	512,458
	2,106,996	2,005,729	2,219,420	1,992,300	1,728,055	1,567,486
	1,265,032	1,108,565	1,656,288	1,313,002	1,134,194	1,138,378
	4,275,762	3,709,169	3,430,498	3,432,671	3,521,063	3,569,534
	585,422	647,335	613,004	527,507	573,163	382,663
	1,429,517	1,570,439	1,378,310	1,335,826	1,294,252	1,666,265
	29,410	74,016	170,654	-	-	-
	516,907	465,060	476,511	763,447	689,851	713,348
	<u>1,291,301</u>	<u>624,698</u>	<u>519,651</u>	<u>1,469,981</u>	<u>338,574</u>	<u>1,168,136</u>
\$	<u>14,879,822</u>	<u>13,638,045</u>	<u>13,867,992</u>	<u>14,079,002</u>	<u>12,325,364</u>	<u>13,032,190</u>



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA
Bradley T. Barnes, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHERS MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Officials of Bremer County, Iowa:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 27, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as items 15-I-A to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items 15-I-B through 15-I-F to be significant deficiencies.

Compliance and Other Matters

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

Bremer County, Iowa's Responses to Findings

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

Purpose of this Report

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

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

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
January 27, 2016

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

15-I-A Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer, Community Based Services, Recorder and County Extension Office
(2) Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.	Sheriff and County Extension Office
(3) The person who signs checks is not independent of the individual who records cash receipts and prepare checks.	Treasurer and Recorder
(4) An accounting procedures manual has not been prepared.	Sheriff, Treasurer and Recorder
(5) All incoming mail is opened by an employee who is authorized to make entries to the accounting records. An independent employee does not prepare a listing of cash and checks received.	Recorder
(6) Payroll – No independent review is performed.	County Extension Office

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. Each official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

County Treasurer – The County Treasurer will review the internal control deficiencies within the Treasurer's Office to obtain the maximum internal control possible with the limited number of office employees. With a limited number of staff, the segregation of duties is almost impossible.

Due to limited staff, we do have in place a couple of internal control procedures for processing receipts. A receipt is printed for all voided transactions. Each department is required to have a check register with each receipt.

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements (Continued)

15-I-A Segregation of Duties (Continued)

County Treasurer (Continued)

We will work on preparing an accounting procedures manual.

County Recorder – We will review procedures and make changes to improve internal control as appropriate and possible.

County Sheriff – We will review procedures and obtain maximum control with segregation of duties with current staff where possible.

Community Based Services – We need to add an additional person to help with segregation of duties.

County Extension Office – We are aware of the importance of segregation of duties. With a small staff of three, these are our best options as to bank reconciliation preparations. Monthly our bank reconciliation reports plus bank statements are reviewed, initialed and dated by our council treasurer per our fiscal policy.

Conclusions – Responses accepted.

15-I-B Community Based Services Capital Assets – Procedures do not exist to perform an independent review of the capital asset listing to determine whether assets on the listing exist or whether all existing assets have been included.

Recommendation – An independent review of the capital asset listing should be performed periodically to ensure the completeness of the listing and ensure the assets listed exist.

Responses – We will review to see if an independent person can perform this review.

Conclusions – Responses accepted.

15-I-C Community Based Services Receipts – Pre-numbered receipts were not issued for all collections.

Recommendation – Pre-numbered receipts should be issued for all collections.

Response – We will look in to using pre-numbered receipts.

Conclusion – Response accepted.

15-I-D Undeposited Collections from the County Recorder's Office – The County Recorder's Office collects a number of fees. A substantial portion of the amount collected is a per page fee for documents which are required to be recorded with the County, such as mortgages, condemnations, easements and tax liens. The Office also collects real estate transfer tax for the Iowa Department of Revenue and issues hunting and fishing licenses and registers and titles boats, snowmobiles and all-terrain vehicles for the Iowa Department of Natural Resources. In addition, individuals may apply for passports at the Office and have their picture taken there for the passports. Fees are collected for both the application and the picture. Fees are also collected for photocopying done at the Office.

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements (Continued)

15-I-D Undeposited Collections from the County Recorder's Office (Continued)

The fees collected are recorded in a software program which tracks the type of fee collected each day. The software also assigns a document number to each type of collection. The document number recorded in the software program corresponds to the individual documents recorded by the Office. The document numbers also correspond to supporting documentation maintained by the Office for other types of collections. For example, the document number recorded in the software system for passport photo fees corresponds to a daily summary of the number of photos taken on the related day.

The cash and checks collected during the day for the various fees are kept in a centralized location. At the end of each business day, the cash and checks are balanced to the collections recorded in the software system and prepared for deposit to the bank. Each employee in the Office, on a rotating basis, is responsible for balancing the collections to the software system. The Recorder balances the collections to the software system each day. The Deputy Recorders perform the balancing on the days the Recorder is gone. Each employee also has the ability to change information recorded in the software system. The information in the system can be changed to balance with the amount of collections prepared for deposit to the bank. The software system does not have an audit trail function which records who makes changes to the information recorded.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, duties related to collections should be segregated to the extent possible. Specifically, the individual balancing the cash and checks collected each day should not be able to change the information recorded in the software system which tracks each day's collections.

Response – We will review procedures and make changes to improve internal control as appropriate and possible.

Conclusion – Response accepted.

15-I-E County Landfill – There is a lack of segregation of duties for receipts as the same person is responsible for collecting, depositing, posting and daily/weekly reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. The Landfill should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – I am open to any random spot checks on my daily activities at any time.

Conclusion – Response accepted.

15-I-F Computer System – The County does not have a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County IT department is working on a disaster recovery plan.

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements (Continued)

15-I-F Computer System (Continued)

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting

15-II-A Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

15-II-B Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

15-II-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Miller, County Sheriff employee, owns D.L.M. Sales and Services	Jail supplies	\$ 1,095

In accordance with Chapter 331.342 of the Code of Iowa, the above transactions with D.L.M. Sales and Service do not appear to represent a conflict of interest since the total amount for the individual is less than \$1,500 during the fiscal year.

15-II-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

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

15-II-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

15-II-H 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).

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

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