

CASS COUNTY, IOWA

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

JUNE 30, 2015

Cass County
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Cass County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Before January, 2015		
Gaylord Schelling	Board of Supervisors	January, 2015
Mark Wedemeyer	Board of Supervisors	January, 2015
Frank Waters	Board of Supervisors	January, 2017
Charles Rieken	Board of Supervisors	January, 2017
Duane McFadden	Board of Supervisors	January, 2017
Dale E. Sunderman	County Auditor	January, 2017
Tracey J. Marshall	County Treasurer	January, 2015
Joyce Jensen	County Recorder	January, 2015
Darby McLaren	County Sheriff	January, 2017
Daniel Feistner	County Attorney	January, 2015
Brenda Nelson	County Assessor	January, 2016
After January, 2015		
Gaylord Schelling	Board of Supervisors	January, 2019
Mark Wedemeyer	Board of Supervisors	January, 2019
Frank Waters	Board of Supervisors	January, 2017
Charles Rieken	Board of Supervisors	January, 2017
Duane McFadden	Board of Supervisors	January, 2017
Dale E. Sunderman	County Auditor	January, 2017
Tracey J. Marshall	County Treasurer	January, 2019
Mary Ward	County Recorder	January, 2019
Darby McLaren	County Sheriff	January, 2017
David Wiederstein	County Attorney	January, 2019
Brenda Nelson	County Assessor	January, 2022

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Cass County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Iowa as of and for the year ended June 30, 2015, and 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 accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Cass County as of June 30, 2015 and the respective changes in its financial position, and cash flows where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Officials of Cass County

Emphasis of a Matter

As discussed in Note 14 to the financial statements, Cass County adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America 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 3 through 3f and on pages 40 through 47 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 required supplementary 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 Cass 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 nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information 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. The information has been subjected to the auditing procedures applied in our 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 auditing standards generally accepted in the United States of America. 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 5, 2016 on our consideration of Cass County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Cass County's internal control over financial reporting and compliance.

Conover, Ben, Kuhn + Co., P.C.

Atlantic, Iowa
January 5, 2016

Board of Supervisors Cass County

5 West 7th Street / Atlantic, IA 50022

(712) 243-6661

FAX: (712) 243-4572

MANAGEMENT'S DISCUSSION & ANALYSIS

The Cass County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

2015 FINANCIAL HIGHLIGHTS (See budget for additional information on valuations and levies)

	FY2015	FY2014	CHANGE
Valuation for computing property taxes	\$765,261,110	\$709,506,335	\$ 55,754,775
Rural Valuation	\$497,067,476	\$444,866,185	\$ 52,201,291
Urban Valuation	\$268,193,634	\$264,640,150	\$ 3,553,484
Taxes Levied on Property {see F638-R}	\$ 6,576,915	\$ 6,015,598	\$ 561,317

Cass County levy rates/\$1,000 are shown below:

	FY2015	FY2014
General Basic/General Supplemental	4.87372	4.75729
MH-DD/County Services	.81028	.87709
Rural Basic/Rural Supplemental	4.48062	4.53613
Total	10.16462	10.17051

{see page - 10 & AFR F634-A}

	FY2015	FY2014	Change
<u>Governmental Fund Revenues</u>	\$ 14,584,017	\$ 13,901,157	\$ 682,860
Comprised in part by the following:			
Net Taxes	\$ 6,221,391	\$ 5,699,182	\$ 522,209
Utility Tax Replacement	\$ 334,167	\$ 340,296	\$ (6,129)
State Replacements	\$ 420,747	\$ 312,507	\$ 108,240
Local Option Sales Tax Revenue	\$ 654,738	\$ 582,710	\$ 72,028

(See page -10-)

	FY2015	FY2014	Change
<u>Governmental Fund Expenditures</u>	\$ 14,826,473	\$ 14,468,301	\$ 358,172
Comprised of the following:			
Operating Expenses	\$ 13,437,722	\$ 13,577,857	\$ (140,135)
Capital Projects	\$ 1,166,542	\$ 813,009	\$ 353,533
Debt Service	\$ 222,209	\$ 77,435	\$ 144,774

(See page -4-)

	FY2015	FY2014	Change
<u>Capital Assets</u>	\$ 21,879,465	\$ 21,962,998	\$ (83,533)

UTILIZATION OF THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government'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 Cass County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Cass County's operations in more detail than government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cass County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to the Financial Statements provide additional information that is 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Other Supplemental Information provides detailed information about the non major special revenue and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

Reporting the County as a Whole

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is *Is the County as a whole better off or worse off as a result of the year's activities?* The statement of net position and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This 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 between them 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 fiscal year. All changes in net position are reported as soon as the event or 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 periods.

The County's governmental activities are displayed in the statement of net position and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Non-program Activities
9. Interest on long-term debt

Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Cass County has three kinds of funds – governmental, proprietary & fiduciary 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. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue Funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (3) the Debt Service Fund, and (4) the Capital Projects Funds. 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 statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Proprietary funds account for the County's Internal Service Fund and Employee Group Health Insurance Account. 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 emergency management services, the county assessor and others.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. This is the fifth year the County is utilizing accumulated depreciation for capital assets. The analysis that follows focuses on the changes of the net position for our governmental activities.

Statement of Net Position - Governmental Activities

	<u>June 30, 2015</u>	<u>June 30, 2014</u> (Not Restated)
Net Position (see page -5-)		
Net Investment in Capital Assets	\$ 20,825,612	\$ 21,051,676
Restricted for:		
Mental Health Purposes	234,043	815,422
Rural Services Purposes	531,937	414,003
Secondary Roads Purposes	1,750,784	1,363,871
Local Option Sales Tax Purposes	293,335	250,800
County Attorney and sheriff investigation purpose	653,975	581,030
Other Purposes	413,050	426,597
Unrestricted	<u>(1,449,416)</u>	<u>1,000,310</u>
Net Position	\$ 23,253,320	\$ 25,903,709
Short-Term Liabilities(see page -4-)	274,412	607,533
Long-term Liabilities due or payable within one year	284,466	267,473
Long-Term Debt Outstanding- G.O. Debt	963,635	827,495
Long-Term Debt Outstanding - Net Pension Liability	<u>2,038,795</u>	<u>--</u>
Total Liabilities	\$ 3,561,308	\$ 1,702,501

A large portion of the County's total assets is the Invested in Capital Assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. Restricted net position represent resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

Changes in Net Position of Governmental Activities
(See Page -6-; Exhibit B- Statement of Activities)
Year Ended June 30, 2015

REVENUES			
	Program Revenues		
		Charges for services	\$518,307
		Operating Grants & Contributions & Int.	6,286,408
		Capital Grants & Contributions	--
	General Revenues		
		Property Taxes	6,554,796
		Penalty & Interest on Property Taxes	45,527
		State tax credits	420,747
		Local option sales & service tax	654,738
		Unrestricted investment earnings	59,346
		Other general revenues	1,436,346
		Total revenues	15,976,215
PROGRAM EXPENSES			
		Public Safety & Legal Services	2,053,041
		Physical Health & Social Services	499,226
		Mental Health	1,627,400
		County Environment & Education	546,435
		Roads & Transportation	5,843,187
		Government Services to Residents	497,765
		Administration	2,455,372
		Non-program	2,365,949
		Interest on Long Term Debt	47,465
		Total expenses	15,935,840
		Change in net position	40,375
		Net position beginning of year, as restated	23,212,945
		Net position end of year	\$23,253,320

INDIVIDUAL FUND ANALYSIS

(See Balance Sheet Page -8-)

Fund Balances at end of	FY2012	FY2013	FY2014	FY2015
General Fund	802,315	1,021,210	1,012,083	1,061,849
Mental Health/DD Fund	580,137	741,321	820,690	237,804
Rural Services	245,461	362,468	426,765	547,664
Secondary Roads	1,528,561	1,737,888	1,454,162	1,847,183
Local Option Sales Tax	136,332	217,999	250,800	293,335
Co. Attorney & Sheriff				
Invest	552,609	619,057	581,030	653,975
Capital Projects	82,732	95,552	66,029	39,111
Other Funds	86,351	77,936	188,490	215,007
Total	4,014,498	4,873,431	4,800,049	4,895,928

BUDGETARY HIGHLIGHTS

Over the course of the year, the County amended its budget once, which increased budgeted disbursements by \$4,450,000. The County exceeded the budgeted amount in the debt service function.

The County's total receipts and disbursements were less than budgeted by approximately \$3,609,000 and \$5,398,000, respectively. The County exceeded the budgeted amount in the debt service function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (see page -4-)

Cass County ended FY 2015 with approximately \$21,879,465 invested in a broad range of capital assets.

Debt

Cass County and Audubon County invested \$1,000,000 (\$500,000 each) in a joint land purchase/economic development project in FY2007: Valley Business Park. General Obligation Bonds in the amount of \$500,000 each for both Cass County and Audubon County were issued September 11, 2007. First principal payment maturity was June 1, 2008. The principal and interest were paid utilizing Local Option Sales Tax revenues and land lease income. During FY2010, FY2011, FY2012, FY2013, FY2014 and FY2015, the same sources were used to pay principal and interest. The intent is to continue to pay general obligation expenses through revenues generated through lease of undeveloped farm ground, Local Option Sales Tax revenues designated for economic development, and revenues resulting from development projects that utilize the site. At the end of FY2015, the General Obligation Bonds remaining were approximately \$254,189.

In August of 2011, the County issued \$520,000 of general obligation note payable through a local bank to finance the completion of infrastructure improvements at Amaizing Energy site. At the end of FY 2015, the General Obligation note payable remaining was approximately \$251,000.

In January of 2014, the County entered into a \$350,000 real estate installment contract for the purchase of a building that will house the E911 Communications Center. At the end of FY2015, the real estate installment contract had a remaining balance of \$322,173.

In April of 2015, the County entered into a \$325,000 general obligation note payable through a local bank to finance equipment for the E911 communications center. At the end of FY2015 the general obligation note payable remaining was \$226,491.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cass County's Board of Supervisors considered many factors for the fiscal year 2016 budget, tax rates, the local economic conditions and funding of various County services. One of those factors was the economy which continues down. The County also experienced an increase in its insurance costs – liability and workmen's compensation. The population of Cass County as estimated by the 2010 census was 13,956. The county compensation board recommended a 4% increase for the recorder, treasurer, auditor, sheriff and supervisors and a \$60,000 salary for the part-time attorney for FY2016. The board of supervisors reduced all proposed increases by 1/4 and approved a 3% increase for recorder, treasurer, auditor, sheriff and supervisors; and a \$60,000 salary for the attorney for FY2016.

The County attempts to keep all departmental budgets to as small an increase as practical to help alleviate the difference between revenue and expenditures in an effort to maintain all current county programs. Limitations of growth in the general funds may jeopardize continuation of current levels of service. Cass County has no plans for the addition of any major new programs or initiatives in the FY 2016 budget.

If projections are realized, during FY 2016 some depletion of fund balances may occur.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Cass County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Cass County Auditor's office, Cass County Courthouse, Atlantic, IA 50022, telephone (712)243-4570.

Cass County
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 5,005,797
Receivables:	
Property tax:	
Delinquent	5,487
Succeeding year	6,714,000
Interest and penalty on property tax	9,276
Accounts	14,898
Due from other governments	250,225
Inventories	100,789
Capital assets (net of accumulated depreciation)	<u>21,879,465</u>
Total assets	<u>33,979,937</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>543,652</u>
Liabilities	
Accounts payable	149,908
Accrued interest payable	9,467
Salaries and benefits payable	33,130
Due to other funds	28,786
Due to other governments	53,121
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	194,248
General obligation debt	90,218
Portion due or payable after one year:	
General obligation debt	963,635
Net pension liability	<u>2,038,795</u>
Total liabilities	<u>3,561,308</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	6,714,000
Pension related deferred inflows	<u>994,961</u>
Total deferred inflows of resources	<u>7,708,961</u>

(continued next page)

Cass County
Statement of Net Position - continued
June 30, 2015

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 20,825,612
Restricted for:	
Mental health purposes	234,043
Rural service purposes	531,937
Secondary roads purposes	1,750,784
County attorney and sheriff investigation purposes	653,975
Other purposes	706,385
Unrestricted	<u>(1,449,416)</u>
Total net position	<u>\$ 23,253,320</u>

See notes to financial statements.

Cass County
Statement of Activities
Year ended June 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 2,053,041	\$ 236,421
Physical health and social services	499,226	--
Mental health	1,627,400	658
County environment and education	546,435	21,183
Roads and transportation	5,843,187	--
Governmental services to residents	497,765	257,319
Administration	2,455,372	2,726
Non-program	2,365,949	--
Interest on long-term debt	<u>47,465</u>	<u>--</u>
Total	<u>\$ 15,935,840</u>	<u>\$ 518,307</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net position		
Net position beginning of year, as restated (Note 14)		
Net position end of year		

See notes to financial statements.

<u>Program Revenues</u>		
<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
\$ 473,619	\$ --	\$(1,343,001)
147,676	--	(351,550)
187,959	--	(1,438,783)
117,174	--	(408,078)
2,906,162	--	(2,937,025)
1,005	--	(239,441)
156,337	--	(2,296,309)
2,255,054	--	(110,895)
<u>41,422</u>	<u>--</u>	<u>(6,043)</u>
<u>\$ 6,286,408</u>	<u>\$ --</u>	<u>(9,131,125)</u>

6,554,796
45,527
420,747
654,738
59,346
1,436,346
9,171,500
40,375
23,212,945
\$ 23,253,320

Cass County
Balance Sheet
Governmental Funds

June 30, 2015

	Special Revenue		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 1,143,264	\$ 206,857	\$ 571,044
Receivables:			
Property tax:			
Delinquent	4,748	521	218
Succeeding year	3,918,000	430,000	2,366,000
Interest and penalty on property tax	9,276	--	--
Accounts	13,127	--	--
Due from other funds	1,891	--	--
Due from other governments	112,558	32,584	--
Inventories	--	--	--
	<u>\$ 5,202,864</u>	<u>\$ 669,962</u>	<u>\$ 2,937,262</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 103,454	\$ --	\$ 7,403
Salaries and benefits payable	6,483	1,532	10,423
Due to other governments	48,771	--	--
Due to other funds	30,677	--	--
Compensated absences	17,822	110	5,554
Total liabilities	<u>207,207</u>	<u>1,642</u>	<u>23,380</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,918,000	430,000	2,366,000
Other	15,808	516	218
Total deferred inflows of resources	<u>3,933,808</u>	<u>430,516</u>	<u>2,366,218</u>

(continued next page)

Special Revenue				
Secondary Roads	Local Option Sales Tax	County Attorney and Sheriff Investigation	Nonmajor	Total
\$ 1,813,719	\$ 190,543	\$ 651,854	\$ 259,617	\$ 4,836,898
--	--	--	--	5,487
--	--	--	--	6,714,000
--	--	--	--	9,276
1,771	--	--	--	14,898
--	--	--	--	1,891
--	102,792	2,241	50	250,225
<u>100,789</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>100,789</u>
<u>\$ 1,916,279</u>	<u>\$ 293,335</u>	<u>\$ 654,095</u>	<u>\$ 259,667</u>	<u>\$ 11,933,464</u>
\$ 37,339	\$ --	\$ 120	\$ 1,092	\$ 149,408
14,585	--	--	107	33,130
--	--	--	4,350	53,121
--	--	--	--	30,677
17,172	--	--	--	40,658
<u>69,096</u>	<u>--</u>	<u>120</u>	<u>5,549</u>	<u>306,994</u>
--	--	--	--	6,714,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>16,542</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,730,542</u>

Cass County
Balance Sheet
Governmental Funds - continued
June 30, 2015

	Special Revenue		
	General	Mental Health	Rural Services
Fund balances:			
Nonspendable:			
Inventories	\$ --	\$ --	\$ --
Restricted for:			
Mental health purposes	--	237,804	--
Rural services purposes	--	--	547,664
Secondary roads purposes	--	--	--
Capital projects	--	--	--
Other purposes	--	--	--
Unassigned	1,061,849	--	--
Total fund balances	1,061,849	237,804	547,664
Total liabilities, deferred inflows of resources and fund balances	\$ 5,202,864	\$ 669,962	\$ 2,937,262

See notes to financial statements.

Special Revenue				
Secondary Roads	Local Option Sales Tax	County Attorney and Sheriff Investigation	Nonmajor	Total
\$ 100,789	\$ --	\$ --	\$ --	\$ 100,789
--	--	--	--	237,804
--	--	--	--	547,664
1,746,394	--	--	--	1,746,394
--	--	--	39,111	39,111
--	293,335	653,975	215,007	1,162,317
--	--	--	--	1,061,849
<u>1,847,183</u>	<u>293,335</u>	<u>653,975</u>	<u>254,118</u>	<u>4,895,928</u>
<u>\$ 1,916,279</u>	<u>\$ 293,335</u>	<u>\$ 654,095</u>	<u>\$ 259,667</u>	<u>\$ 11,933,464</u>

Cass County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Position

June 30, 2015

Total governmental fund balances (page 8)		\$ 4,895,928
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 \$29,831,456 and the accumulated depreciation is \$7,951,991.		21,879,465
Assets not available to pay for current period expenditures and, therefore, are recognized as deferred inflows in the governmental funds.		16,542
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		168,399
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources	\$ 543,652	
Deferred inflows of resources	<u>(994,961)</u>	(451,309)
Accrued interest payable, and long-term liabilities, including general obligation bonds, compensated absences payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(3,255,705)</u>
Net position of governmental activities (page 5)		<u>\$ 23,253,320</u>

See notes to financial statements.

Cass County

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

Year ended June 30, 2015

	<u>Special Revenue</u>		
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Revenues:			
Property and other County tax	\$ 3,679,780	\$ 611,603	\$ 2,264,175
Local option sales tax	--	--	--
Interest and penalty on property tax	46,922	--	--
Intergovernmental	3,000,424	181,230	266,149
Licenses and permits	20,158	--	--
Charges for service	339,243	658	--
Use of money and property	59,346	--	--
Miscellaneous	108,805	3,119	900
Total revenues	<u>7,254,678</u>	<u>796,610</u>	<u>2,531,224</u>
Expenditures:			
Operating:			
Public safety and legal services	1,557,266	--	750,852
Physical health and social services	499,226	--	--
Mental health	249,763	1,379,496	--
County environment and education	343,808	--	94,473
Roads and transportation	--	--	253,787
Governmental services to residents	491,377	--	--
Administration	1,291,705	--	--
Non-program	2,365,949	--	--
Debt service	--	--	--
Capital projects	--	--	1,025
Total expenditures	<u>6,799,094</u>	<u>1,379,496</u>	<u>1,100,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>455,584</u>	<u>(582,886)</u>	<u>1,431,087</u>

(continued next page)

Special Revenue				
Secondary Roads	Local Option Sales Tax	County Attorney and Sheriff Investigation	Nonmajor	Total
\$ --	\$ --	\$ --	\$ --	\$ 6,555,558
--	654,738	--	--	654,738
--	--	--	--	46,922
2,855,483	--	17,490	98,581	6,419,357
1,195	--	--	--	21,353
--	--	--	2,539	342,440
--	10,827	142	136,111	206,426
40,543	8,995	184,331	50,105	396,798
<u>2,897,221</u>	<u>674,560</u>	<u>201,963</u>	<u>287,336</u>	<u>14,643,592</u>
--	--	103,018	--	2,411,136
--	--	--	--	499,226
--	--	--	--	1,629,259
--	--	--	82,994	521,275
4,033,583	--	--	--	4,287,370
--	--	--	--	491,377
--	--	--	--	1,291,705
--	--	--	--	2,365,949
--	--	--	222,209	222,209
315,848	92,135	--	757,534	1,166,542
<u>4,349,431</u>	<u>92,135</u>	<u>103,018</u>	<u>1,062,737</u>	<u>14,886,048</u>
<u>(1,452,210)</u>	<u>582,425</u>	<u>98,945</u>	<u>(775,401)</u>	<u>(242,456)</u>

Cass County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds - continued

Year ended June 30, 2015

	Special Revenue		
General	Mental Health	Rural Services	
Other financing sources (uses):			
General obligation note payable advanced	\$ --	\$ --	\$ --
Sale of capital assets	1,635	--	--
Operating transfers in	26,000	--	259,000
Operating transfers out	<u>(433,453)</u>	<u> --</u>	<u>(1,569,188)</u>
Total other financing sources (uses)	<u>(405,818)</u>	<u> --</u>	<u>(1,310,188)</u>
Change in fund balances	49,766	(582,886)	120,899
Fund balances beginning of year	<u>1,012,083</u>	<u>820,690</u>	<u>426,765</u>
Fund balances end of year	<u>\$ 1,061,849</u>	<u>\$ 237,804</u>	<u>\$ 547,664</u>

See notes to financial statements.

Special Revenue				
Secondary Roads	Local Option Sales Tax	County Attorney and Sheriff Investigation	Nonmajor	Total
\$ --	\$ --	\$ --	\$ 325,000	\$ 325,000
11,700	--	--	--	13,335
1,833,531	--	--	530,787	2,649,318
<u>--</u>	<u>(539,890)</u>	<u>(26,000)</u>	<u>(80,787)</u>	<u>(2,649,318)</u>
<u>1,845,231</u>	<u>(539,890)</u>	<u>(26,000)</u>	<u>775,000</u>	<u>338,335</u>
393,021	42,535	72,945	(401)	95,879
<u>1,454,162</u>	<u>250,800</u>	<u>581,030</u>	<u>254,519</u>	<u>4,800,049</u>
<u>\$ 1,847,183</u>	<u>\$ 293,335</u>	<u>\$ 653,975</u>	<u>\$ 254,118</u>	<u>\$ 4,895,928</u>

Cass County

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

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 11)	\$	95,879
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year as follows:		
Expenditures for capital assets	\$	1,013,862
Capital assets contributed by the Iowa Department of Transportation		--
Depreciation expense	<u>(1,091,299)</u>	(77,437)
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		
		(6,096)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:		
Debt proceeds	(325,000)	
Principal paid	<u>182,469</u>	(142,531)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows in the governmental funds, as follows:		
Property tax		(2,157)
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		
		377,135
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:		
Compensated absences	(14,797)	
Pension expense	(176,475)	
Interest on long-term debt	<u>(7,725)</u>	(198,997)
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		
		<u>(5,421)</u>
Change in net position of governmental activities (page 6)	\$	<u>40,375</u>

See notes to financial statements.

Cass County
 Statement of Net Position
 Proprietary Fund
 June 30, 2015

	Internal Service - Employee Group <u>Health</u>
Assets:	
Cash and cash equivalents	\$ <u>168,899</u>
Total assets	168,899
Liabilities:	
Accounts payable	<u>500</u>
Net Position:	
Unrestricted	<u>\$ 168,399</u>

See notes to financial statements.

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

Year ended June 30, 2015

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,120,150
Reimbursements from employees		170,559
Miscellaneous revenue		<u>36,832</u>
Total operating revenues		1,327,541
Operating expenses:		
Medical claims	\$ 144,772	
Insurance premiums	1,178,786	
Administrative fees	<u>9,404</u>	<u>1,332,962</u>
Operating loss		(5,421)
Net position beginning of year		<u>173,820</u>
Net position end of year		<u>\$ 168,399</u>

See notes to financial statements.

Cass County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2015

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,120,150
Cash received from employees and others	207,391
Cash payments to suppliers for services	<u>(1,332,962)</u>
Net cash used in operating activities	(5,421)
Cash and cash equivalents at beginning of year	<u>174,320</u>
Cash and cash equivalents at end of year	<u>\$ 168,899</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	<u>\$(5,421)</u>
Net cash used in operating activities	<u>\$(5,421)</u>

See notes to financial statements.

Cass County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets

Cash and pooled investments:		
County Treasurer	\$	975,693
Other County officials		12,904
Receivables:		
Property tax:		
Delinquent		31,036
Succeeding year		18,919,000
Accounts		9,577
Due from other funds		30,677
Due from other governments		133,215
Total assets		<u>20,112,102</u>

Liabilities

Accounts payable	23,780
Salaries and benefits payable	7,157
Due to other funds	1,891
Due to other governments	20,014,910
Trusts payable	11,912
Compensated absences	52,452
Total liabilities	<u>20,112,102</u>

Net position	<u>\$</u>	<u>--</u>
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See notes to financial statements.

Cass County

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

Nine 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 Cass County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Cass County Auditor's office.

Cass County

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint two of the five members to the board of the Cass County Environmental Control Agency. An audit of this Agency is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

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: Cass County Assessor's Conference Board, Public Safety Communications Commission, Cass County Joint E911 Service Board and Cass County Emergency Management Services Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation/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 results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Cass County

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Local Option Sales Tax Fund is used to account for the sales tax revenues to be used for property tax relief, community betterment, and capital improvements.

The Sheriff and Attorney Investigation Fund is used to account for forfeiture and other revenues to be used for law enforcement investigations and equipment.

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

Proprietary funds distinguish operating revenues and expenses from 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 are 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 nonoperating 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, Pooled Investments and Cash Equivalents - 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.

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

Due from and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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.

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings, and improvements	25,000
Intangibles	25,000
Equipment and vehicles	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>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to future periods 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.

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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. Accumulated sick leave is generally paid at 25%, not to exceed 800 hours (1,004 hours for employees under bargaining agreement in the secondary roads department), upon retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for amounts paid to employees within sixty days after year end. 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, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position that applies to future periods 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 receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Unassigned - All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the debt service function.

NOTE 2 - CASH 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.

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

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 investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$3,229,180 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency: County Offices	\$ 1,891
Agency: Public Safety	General	<u>30,677</u>
Total		<u>\$ 32,568</u>

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

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 4 - 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: County Attorney and Sheriff Investigation	\$ 26,000
Special Revenue: Secondary Roads	General	133,453
	Special Revenue: Rural Services	1,569,188
	Local Option Sales Tax	<u>130,890</u>
		1,833,531
Capital Projects	General	200,000
	Special Revenue: Local Option Sales Tax	<u>150,000</u>
		350,000
Special Revenue: Rural Services	Special Revenue: Local Option Sales Tax	259,000
Debt Service	General	100,000
	Capital Projects	<u>80,787</u>
		<u>180,787</u>
		<u>\$ 2,649,318</u>

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

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,344,700	\$ --	\$ --	\$ 1,344,700
Construction in progress	<u>517,591</u>	<u>633,046</u>	<u>138,000</u>	<u>1,012,637</u>
Total capital assets not being depreciated	<u>1,862,291</u>	<u>633,046</u>	<u>138,000</u>	<u>2,357,337</u>
Capital assets being depreciated:				
Buildings	1,767,158	--	--	1,767,158
Equipment and vehicles	5,743,734	518,816	457,884	5,804,666
Infrastructure, road network	<u>19,902,295</u>	<u>--</u>	<u>--</u>	<u>19,902,295</u>
Total capital assets being depreciated	<u>27,413,187</u>	<u>518,816</u>	<u>457,884</u>	<u>27,474,119</u>
Less accumulated depreciation for:				
Buildings	1,449,117	23,971	--	1,473,088
Equipment and vehicles	3,698,881	468,163	451,788	3,715,256
Infrastructure, road network	<u>2,164,482</u>	<u>599,165</u>	<u>--</u>	<u>2,763,647</u>
Total accumulated depreciation	<u>7,312,480</u>	<u>1,091,299</u>	<u>451,788</u>	<u>7,951,991</u>
Total capital assets being depreciated, net	<u>20,100,707</u>	<u>(572,483)</u>	<u>6,096</u>	<u>19,522,128</u>
Governmental activities capital assets, net	<u>\$ 21,962,998</u>	<u>\$ 60,563</u>	<u>\$ 144,096</u>	<u>\$ 21,879,465</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 38,760
County environment and education	47,689
Roads and transportation	973,485
Administrative services	<u>31,365</u>
Total depreciation expense - governmental activities	<u>\$1,091,299</u>

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 6 - DUE TO OTHER GOVERNMENTS

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 48,771
Special Revenue:		
Geographic Information System	Services	2,800
Drainage Districts		<u>1,550</u>
Total for governmental funds		<u>\$ 53,121</u>
Agency:		
County Assessor	Collections	\$ 622,010
Schools		10,255,889
Community Colleges		937,104
Corporations		4,894,122
Auto License and Use Tax		323,083
County Hospital		2,200,100
All Other		<u>782,602</u>
Total for agency funds		<u>\$ 20,014,910</u>

NOTE 7 - LONG-TERM LIABILITIES

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

	<u>General Obligation Bonds</u>	<u>General Obligation Installment Contract</u>	<u>General Obligation Note Payable</u>	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Total</u>
Balance beginning of year, as restated	\$ 561,322	\$ 350,000	\$ --	\$ 183,646	\$3,062,094	\$4,157,062
Increases	--	--	325,000	10,602	--	335,602
Decreases	<u>56,133</u>	<u>27,827</u>	<u>98,509</u>	<u>--</u>	<u>1,023,299</u>	<u>1,205,768</u>
Balance end of year	<u>\$ 505,189</u>	<u>\$ 322,173</u>	<u>\$ 226,491</u>	<u>\$ 194,248</u>	<u>\$2,038,795</u>	<u>\$3,286,896</u>
Due within one year	<u>\$ 61,000</u>	<u>\$ 29,218</u>	<u>\$ --</u>	<u>\$ 194,248</u>	<u>\$ --</u>	<u>\$ 284,465</u>

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 7 - LONG-TERM LIABILITIES - Continued

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

Year ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.50% - 5.00%	\$ 90,218	\$ 34,703	\$ 124,921
2017	2.50% - 5.00%	167,731	41,361	209,092
2018	2.50% - 5.00%	180,921	30,919	211,840
2019	2.50% - 5.00%	167,554	24,775	192,329
2020	3.35% - 5.00%	106,515	18,934	125,449
2021 - 2025	3.35% - 5.00%	340,914	35,208	376,122
Total		<u>\$ 1,053,853</u>	<u>\$ 185,900</u>	<u>\$ 1,239,753</u>

During the year ended June 30, 2015, the County retired \$182,469 of general obligation debt.

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.)

Cass County

Notes to Financial Statements

June 30, 2015

NOTE 8 - PENSION PLAN - Continued

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

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% 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.

Cass County

Notes to Financial Statements

June 30, 2015

NOTE 8 - PENSION PLAN - Continued

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95% of pay and the County contributed 8.93% for a total rate of 14.88%. Sheriff and deputy members and the County both contributed 9.88% of pay for a total rate of 19.76%. Protection occupation members contributed 6.76% of pay and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$377,135.

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 \$2,038,795 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.051408%, which was a decrease of 0.001923% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$176,475. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Total - All Groups</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,417	\$ --
Changes of assumptions	70,795	--
Net difference between projected and actual earnings on pension plan investments	--	994,961
Changes in proportion and differences between County contributions and proportionate share of contributions	94,305	--
County contributions subsequent to the measurement date	<u>377,135</u>	<u>--</u>
	<u>\$ 543,652</u>	<u>\$ 994,961</u>

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 8 - PENSION PLAN - Continued

The \$377,135, reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2016	\$(209,834)
2017	(209,834)
2018	(209,834)
2019	(209,834)
2020	10,892
	\$(828,444)

There were no non-employer contributing entities at IPERS.

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 8 - PENSION PLAN - Continued

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	\$ 4,323,921	\$ 2,038,795	\$ 111,488

Cass County

Notes to Financial Statements

June 30, 2015

NOTE 8 - PENSION PLAN - Continued

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the County reported payables to the defined benefit pension plan of \$ - 0 - for legally required employer contributions and \$ - 0 - for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 9 - RISK MANAGEMENT

Cass County 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% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expense, 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 approximately \$161,800.

Cass County

Notes to Financial Statements

June 30, 2015

NOTE 9 - RISK MANAGEMENT - Continued

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 member's risk-sharing certificate, or in the event that 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 in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of \$4,000 for single coverage and \$8,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

Cass County

Notes to Financial Statements

June 30, 2015

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2015 was \$1,120,150.

Amounts payable from the Employee Group Health Fund at June 30, 2015 total \$500, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has 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. At June 30, 2015, the County has accumulated funds in excess of actual claims paid of \$168,399, which is reported as net position of the Internal Service, Employee Group Health Fund.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The County operates a single-employer health benefit plan which provides medical, prescription drug, dental, and vision benefits for employees, retirees, and their spouses. There are 93 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical, prescription drug, dental, and vision benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy: The contribution requirements of plan members are established and may be amended by the County. The County currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the County and plan members are \$664 for single coverage and \$1,479 for family coverage. For the year ended June 30, 2015, the County contributed \$1,120,150 and plan members eligible for benefits contributed \$207,391 to the plan.

Net OPEB Obligation: Management had an actuarial valuation performed dated October 30, 2013. The actuarial report noted the unfunded actuarial accrued liability to be \$237,896. The annual required contribution for the year end June 30, 2015 is \$35,227. The actuarial accrued liability is assuming a 30% participation rate; however, the County's current participation rate is approximately two percent. Because of the high assumed participation rate, management considers the actuarial accrued liability to be overstated. Management considers the liability to be immaterial and has not recorded this liability in its statements of net position.

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into contracts totaling approximately \$2,480,000, primarily for bridge replacement and repairs and building upgrades to be completed during fiscal year 2016. As of June 30, 2015, the County has incurred \$1,012,637 on these projects. The projects will be financed with existing funds.

Subsequent Events

The County has evaluated all subsequent events through January 5, 2016, the date the financial statements were available to be issued.

NOTE 13 - CASS COUNTY FINANCIAL INFORMATION INCLUDED IN THE
SOUTHWEST IOWA MENTAL HEALTH AND DISABILITY SERVICES
REGION

Southwest Iowa Mental Health and Disability Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie, Shelby, and Cass. The financial activity of Cass County's Special Revenue, Mental Health Fund is included in the Southwest Iowa Mental Health and Disability Services Region for the year ended June 30, 2015 as follows:

Revenues:

Property and other county tax		\$ 611,603
Intergovernmental revenues:		
State tax credits	\$ 43,631	
State program payment	<u>137,599</u>	181,230
Charges for services		658
Miscellaneous		<u>3,119</u>
Total revenues		<u>796,610</u>

Expenditures:

Services to persons with:		
Mental illness		21,108
General administration:		
Direct administration	36,243	
Distribution to regional fiscal agent	<u>1,322,145</u>	<u>1,358,388</u>
Total expenditures		<u>1,379,496</u>

Deficiency of revenues over expenditures		(582,886)
Fund balance beginning of the year		<u>820,690</u>
Fund balance end of the year		<u>\$ 237,804</u>

Cass County
Notes to Financial Statements
June 30, 2015

NOTE 14 - 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. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Net Position
Net position June 30, 2014, as previously reported	\$ 25,903,709
Net pension liability at June 30, 2014	(3,062,094)
Deferred outflows of resources related to contributions made after the July 30, 2013 measurement date	371,330
Net position July 1, 2014, as restated	\$ 23,212,945

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Cass County

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

Required Supplementary Information

Year ended June 30, 2015

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
Receipts:			
Property and other County tax	\$ 7,247,199	\$ --	\$ 7,247,199
Interest and penalty on property tax	47,295	--	47,295
Intergovernmental	6,638,291	--	6,638,291
Licenses and permits	21,353	--	21,353
Charges for service	345,996	--	345,996
Use of money and property	171,929	--	171,929
Miscellaneous	298,242	--	298,242
Total receipts	<u>14,770,305</u>	<u>--</u>	<u>14,770,305</u>
Disbursements:			
Public safety and legal services	2,396,248	--	2,396,248
Physical health and social services	508,821	--	508,821
Mental health	1,684,914	--	1,684,914
County environment and education	445,702	--	445,702
Roads and transportation	4,321,093	--	4,321,093
Governmental services to residents	496,922	--	496,922
Administrative services	1,346,757	--	1,346,757
Non-program	2,497,671	--	2,497,671
Debt service	222,209	--	222,209
Capital projects	1,165,781	--	1,165,781
Total disbursements	<u>15,086,118</u>	<u>--</u>	<u>15,086,118</u>
Excess (deficiency) of receipts over (under) disbursements	(315,813)	--	(315,813)
Other financing sources, net	<u>338,335</u>	<u>--</u>	<u>338,335</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	22,522	--	22,522
Balance beginning of year	<u>4,814,376</u>	<u>1,550</u>	<u>4,812,826</u>
Balance end of year	<u>\$ 4,836,898</u>	<u>\$ 1,550</u>	<u>\$ 4,835,348</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Net Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 7,324,337	\$ 7,324,337	\$ (77,138)
46,410	46,410	885
5,789,383	9,889,383	(3,251,092)
18,725	18,725	2,628
361,790	361,790	(15,794)
186,816	186,816	(14,887)
<u>551,552</u>	<u>551,552</u>	<u>(253,310)</u>
<u>14,279,013</u>	<u>18,379,013</u>	<u>(3,608,708)</u>
2,911,459	2,911,459	515,211
587,154	587,154	78,333
1,787,045	1,887,045	202,131
537,399	537,399	91,697
4,688,500	4,688,500	367,407
594,745	594,745	97,823
1,598,711	1,598,711	251,954
1,183,695	5,183,695	2,686,024
161,703	161,703	(60,506)
<u>1,983,534</u>	<u>2,333,534</u>	<u>1,167,753</u>
<u>16,033,945</u>	<u>20,483,945</u>	<u>5,397,827</u>
(1,754,932)	(2,104,932)	1,789,119
<u> --</u>	<u> --</u>	<u>338,335</u>
(1,754,932)	(2,104,932)	2,127,454
<u>3,578,216</u>	<u>4,809,813</u>	<u>3,013</u>
<u>\$ 1,823,284</u>	<u>\$ 2,704,881</u>	<u>\$ 2,130,467</u>

Cass County

Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 14,770,305	\$(126,713)	\$ 14,643,592
Expenditures	<u>15,086,118</u>	<u>(200,070)</u>	<u>14,886,048</u>
Net	(315,813)	73,357	(242,456)
Other financing sources, net	338,335	--	338,335
Beginning fund balances	<u>4,814,376</u>	<u>(14,327)</u>	<u>4,800,049</u>
Ending fund balances	<u>\$ 4,836,898</u>	<u>\$ 59,030</u>	<u>\$ 4,895,928</u>

See accompanying independent auditor's report.

Cass County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2015

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units, the Internal Service Fund, 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, Special Revenue Funds, Debt Service Fund, and 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 increased budgeted disbursements by \$4,450,000. 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 exceeded the amounts budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

Cass County

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

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>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2013	July 1, 2012	--	\$ 238	\$ 238	0.0%	\$ 3,690	6.5%
2014	July 1, 2012	--	238	238	0.0%	3,964	6.0%
2015	July 1, 2012	--	238	238	0.0%	4,006	5.9%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Cass County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Required Supplementary Information

County's collective proportion of the net pension liability (asset)	0.051408%
County's collective proportionate share of the net pension liability (asset)	\$ 2,039,000
County's covered-employee payroll	\$ 4,086,000
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	49.90%
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. Amounts reported are rounded.

See accompanying independent auditor's report.

Cass County

Schedule of County Contributions

Iowa Public Employees' Retirement System
Last 9 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 377,000	\$ 371,000	\$ 338,000	\$ 309,000
Contributions in relation to the statutorily required contribution	<u>(377,000)</u>	<u>(371,000)</u>	<u>(338,000)</u>	<u>(309,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered-employee payroll	\$ 4,144,000	\$ 4,086,000	\$ 3,814,000	\$ 3,705,000
Contributions as a percentage of covered-employee payroll	9.10%	9.08%	8.86%	8.34%

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. The amounts presented are from the previous IPERS June 30 fiscal year. Amounts reported are rounded.

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 262,000	\$ 243,000	\$ 222,000	\$ 203,000	\$ 183,000
<u>(262,000)</u>	<u>(243,000)</u>	<u>(222,000)</u>	<u>(203,000)</u>	<u>(183,000)</u>
<u>\$ --</u>				
\$ 3,593,000	\$ 3,549,000	\$ 3,391,000	\$ 3,269,000	\$ 2,776,000
7.29%	6.85%	6.55%	6.21%	6.59%

Cass County

Notes to Required Supplementary Information - Pension Liability

Year Ended June 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

(continued next page)

Cass County

Notes to Required Supplementary Information - Pension Liability - Continued

Year Ended June 30, 2015

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

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

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

* * *

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

Cass County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Resource Enhancement and Protection
Assets				
Cash and pooled investments	\$ 7,333	\$ 532	\$ 17,459	\$ 51,551
Due from other governments	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Total assets	<u>\$ 7,333</u>	<u>\$ 532</u>	<u>\$ 17,459</u>	<u>\$ 51,551</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Due to other governments	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Total liabilities	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Fund balances:				
Restricted for:				
Capital projects	--	--	--	--
Other purposes	<u>7,333</u>	<u>532</u>	<u>17,459</u>	<u>51,551</u>
Total fund balances	<u>7,333</u>	<u>532</u>	<u>17,459</u>	<u>51,551</u>
Total liabilities and fund balances	<u>\$ 7,333</u>	<u>\$ 532</u>	<u>\$ 17,459</u>	<u>\$ 51,551</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>					
<u>Flood and Erosion</u>	<u>Drainage Districts</u>	<u>Geographic Information System</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 61,417	\$ 1,550	\$ 80,714	\$ --	\$ 39,061	\$ 259,617
--	--	--	--	50	50
<u>\$ 61,417</u>	<u>\$ 1,550</u>	<u>\$ 80,714</u>	<u>\$ --</u>	<u>\$ 39,111</u>	<u>\$ 259,667</u>
\$ 1,092	\$ --	\$ --	\$ --	\$ --	\$ 1,092
107	--	--	--	--	107
--	1,550	2,800	--	--	4,350
<u>1,199</u>	<u>1,550</u>	<u>2,800</u>	<u>--</u>	<u>--</u>	<u>5,549</u>
--	--	--	--	39,111	39,111
60,218	--	77,914	--	--	215,007
<u>60,218</u>	<u>--</u>	<u>77,914</u>	<u>--</u>	<u>39,111</u>	<u>254,118</u>
<u>\$ 61,417</u>	<u>\$ 1,550</u>	<u>\$ 80,714</u>	<u>\$ --</u>	<u>\$ 39,111</u>	<u>\$ 259,667</u>

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

Year ended June 30, 2015

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Resource Enhancement and Protection
Revenues:				
Intergovernmental	\$ --	\$ --	\$ --	\$ 13,994
Charges for service	2,539	--	--	--
Use of money and property	6	18	--	3
Miscellaneous	--	--	8,647	--
Total revenues	<u>2,545</u>	<u>18</u>	<u>8,647</u>	<u>13,997</u>
Expenditures:				
Operating:				
County environment and education	--	--	6,411	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>6,411</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	2,545	18	2,236	13,997
Other financing sources (uses):				
General obligation note payable issued	--	--	--	--
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in fund balances	2,545	18	2,236	13,997
Fund balances beginning of year	<u>4,788</u>	<u>514</u>	<u>15,223</u>	<u>37,554</u>
Fund balances end of year	<u>\$ 7,333</u>	<u>\$ 532</u>	<u>\$ 17,459</u>	<u>\$ 51,551</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>					
<u>Flood and Erosion</u>	<u>Drainage Districts</u>	<u>Geographic Information System</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 32,251	\$ --	\$ 52,017	\$ --	\$ 319	\$ 98,581
--	--	--	--	--	2,539
--	--	--	--	136,084	136,111
--	--	36	41,422	--	50,105
<u>32,251</u>	<u>--</u>	<u>52,053</u>	<u>41,422</u>	<u>136,403</u>	<u>287,336</u>
12,724	--	63,859	--	--	82,994
--	--	--	222,209	--	222,209
--	--	--	--	757,534	757,534
<u>12,724</u>	<u>--</u>	<u>63,859</u>	<u>222,209</u>	<u>757,534</u>	<u>1,062,737</u>
19,527	--	(11,806)	(180,787)	(621,131)	(775,401)
--	--	--	--	325,000	325,000
--	--	--	180,787	350,000	530,787
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(80,787)</u>	<u>(80,787)</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>180,787</u>	<u>594,213</u>	<u>775,000</u>
19,527	--	(11,806)	--	(26,918)	(401)
<u>40,691</u>	<u>--</u>	<u>89,720</u>	<u>--</u>	<u>66,029</u>	<u>254,519</u>
<u>\$ 60,218</u>	<u>\$ --</u>	<u>\$ 77,914</u>	<u>\$ --</u>	<u>\$ 39,111</u>	<u>\$ 254,118</u>

Cass County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ --	\$ 2,451	\$ 181,537
Other County officials	12,904	--	--
Receivables:			
Property tax:			
Delinquent	--	247	532
Succeeding year	--	203,000	440,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	<u>1,226</u>	<u>--</u>	<u>9,458</u>
Total assets	<u>\$ 14,130</u>	<u>\$ 205,698</u>	<u>\$ 631,527</u>
Liabilities			
Accounts payable	\$ --	\$ --	\$ 59
Salaries and benefits payable	--	--	--
Due to other funds	1,891	--	--
Due to other governments	327	205,698	622,010
Trusts payable	11,912	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>9,458</u>
Total liabilities	<u>\$ 14,130</u>	<u>\$ 205,698</u>	<u>\$ 631,527</u>

(continued next page)

<u>Child Support Recovery</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 20,577	\$ 17,676	\$ 6,840	\$ 119,784	\$ 10,994	\$ 53,600
--	--	--	--	--	--
--	--	--	12,105	1,110	14,522
--	--	--	10,124,000	925,000	4,826,000
--	--	--	--	--	--
--	--	--	--	--	--
<u>46,693</u>	<u>3,943</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 67,270</u>	<u>\$ 21,619</u>	<u>\$ 6,840</u>	<u>\$ 10,255,889</u>	<u>\$ 937,104</u>	<u>\$ 4,894,122</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
50,677	17,676	6,840	10,255,889	937,104	4,894,122
--	--	--	--	--	--
<u>16,593</u>	<u>3,943</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 67,270</u>	<u>\$ 21,619</u>	<u>\$ 6,840</u>	<u>\$ 10,255,889</u>	<u>\$ 937,104</u>	<u>\$ 4,894,122</u>

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued
Agency Funds

June 30, 2015

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 2,442	\$ --	\$ 305
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	11	--	4
Succeeding year	226,000	--	3,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	--	20,098	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 228,453</u>	<u>\$ 20,098</u>	<u>\$ 3,309</u>
Liabilities			
Accounts payable	\$ --	\$ 9,732	\$ --
Salaries and benefits payable	--	2,770	--
Due to other funds	--	--	--
Due to other governments	228,453	--	3,309
Trusts payable	--	--	--
Compensated absences	--	7,596	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 228,453</u>	<u>\$ 20,098</u>	<u>\$ 3,309</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>	<u>E911 Operating</u>
\$ 336,209	\$ 41,242	\$ 25,598	\$(4,608)	\$ 456	\$ 300
--	--	--	--	--	--
--	3	2,502	--	--	--
--	--	2,172,000	--	--	--
--	--	--	--	--	--
--	--	--	30,677	--	--
--	--	--	25,640	--	--
<u>\$ 336,209</u>	<u>\$ 41,245</u>	<u>\$ 2,200,100</u>	<u>\$ 51,709</u>	<u>\$ 456</u>	<u>\$ 300</u>
\$ 13,126	\$ --	\$ --	\$ 717	\$ --	\$ --
--	--	--	4,387	--	--
--	--	--	--	--	--
323,083	41,245	2,200,100	31,743	456	300
--	--	--	--	--	--
--	--	--	14,862	--	--
<u>\$ 336,209</u>	<u>\$ 41,245</u>	<u>\$ 2,200,100</u>	<u>\$ 51,709</u>	<u>\$ 456</u>	<u>\$ 300</u>

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued
Agency Funds

June 30, 2015

	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>	<u>Environmental Planning Trust</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 50,663	\$ 94,068	\$ 6,491
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	9,577	--	--
Due from other funds	--	--	--
Due from other governments	<u>26,157</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 86,397</u>	<u>\$ 94,068</u>	<u>\$ 6,491</u>
Liabilities			
Accounts payable	\$ 146	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	86,251	94,068	6,491
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>\$ 86,397</u>	<u>\$ 94,068</u>	<u>\$ 6,491</u>

See accompanying independent auditor's report.

<u>Environmental Recycling Trust</u>	<u>Total</u>
\$ 9,068	\$ 975,693
--	12,904
--	31,036
--	18,919,000
--	9,577
--	30,677
--	<u>133,215</u>
<u>\$ 9,068</u>	<u>\$ 20,112,102</u>
\$ --	\$ 23,780
--	7,157
--	1,891
9,068	20,014,910
--	11,912
--	<u>52,452</u>
<u>\$ 9,068</u>	<u>\$ 20,112,102</u>

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

Assets and Liabilities	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Balances beginning of year	\$ 25,034	\$ 201,033	\$ 579,281
Additions:			
Property and other County tax	--	200,095	432,754
E911 surcharge	--	--	--
State tax credits	--	13,920	35,722
Office fees and collections	275,059	--	17,250
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	178,481	--	--
Advances	--	--	--
Miscellaneous	--	--	500
Total additions	<u>453,540</u>	<u>214,015</u>	<u>486,226</u>
Deductions:			
Agency Remittances:			
To other funds	150,256	--	--
To other governments	123,448	209,350	433,980
Trusts paid out	190,740	--	--
Total deductions	<u>464,444</u>	<u>209,350</u>	<u>433,980</u>
Balances end of year	<u>\$ 14,130</u>	<u>\$ 205,698</u>	<u>\$ 631,527</u>

(continued next page)

<u>Child Support Recovery</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 65,502	\$ 40,329	\$ 3,662	\$ 9,647,438	\$ 902,470	\$ 4,992,954
--	--	--	9,963,172	911,666	4,474,561
--	--	--	--	--	--
--	--	--	688,162	62,717	506,358
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	23,713	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
346,712	83,802	--	--	--	--
<u>346,712</u>	<u>83,802</u>	<u>23,713</u>	<u>10,651,334</u>	<u>974,383</u>	<u>4,980,919</u>
--	--	--	--	--	--
344,944	102,512	20,535	10,042,883	939,749	5,079,751
--	--	--	--	--	--
<u>344,944</u>	<u>102,512</u>	<u>20,535</u>	<u>10,042,883</u>	<u>939,749</u>	<u>5,079,751</u>
\$ 67,270	\$ 21,619	\$ 6,840	\$10,255,889	\$ 937,104	\$ 4,894,122

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds

Year ended June 30, 2015

Assets and Liabilities	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Balances beginning of year	\$ 208,153	\$ 37,423	\$ 4,505
Additions:			
Property and other County tax	228,126	--	2,491
E911 surcharge	--	--	--
State tax credits	10,490	--	176
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Miscellaneous	--	909,411	--
Total additions	<u>238,616</u>	<u>909,411</u>	<u>2,667</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	218,316	926,736	3,863
Trusts paid out	--	--	--
Total deductions	<u>218,316</u>	<u>926,736</u>	<u>3,863</u>
Balances end of year	<u>\$ 228,453</u>	<u>\$ 20,098</u>	<u>\$ 3,309</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>
\$ 345,497	\$ 44,990	\$ 2,175,808	\$ 63,256	\$ 211
--	--	2,066,573	--	--
--	--	--	--	--
--	--	145,389	--	--
--	--	--	--	--
4,425,312	--	--	--	--
101,469	--	--	--	--
--	--	--	--	2,539
--	--	--	--	--
--	--	--	--	--
--	48,681	--	--	--
487	--	--	449,329	--
<u>4,527,268</u>	<u>48,681</u>	<u>2,211,962</u>	<u>449,329</u>	<u>2,539</u>
205,053	--	--	--	--
4,331,503	52,426	2,187,670	460,876	2,294
--	--	--	--	--
<u>4,536,556</u>	<u>52,426</u>	<u>2,187,670</u>	<u>460,876</u>	<u>2,294</u>
\$ 336,209	\$ 41,245	\$ 2,200,100	\$ 51,709	\$ 456

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds

Year ended June 30, 2015

Assets and Liabilities	<u>E911 Operating</u>	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>
Balances beginning of year	\$ --	\$ 139,631	\$ 25,453
Additions:			
Property and other County tax	--	--	--
E911 surcharge	--	206,235	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Miscellaneous	300	425,112	151,459
Total additions	<u>300</u>	<u>631,347</u>	<u>151,459</u>
Deductions:			
Agency Remittances:			
To other funds	--	659,177	--
To other governments	--	25,404	82,844
Trusts paid out	--	--	--
Total deductions	<u>--</u>	<u>684,581</u>	<u>82,844</u>
Balances end of year	<u>\$ 300</u>	<u>\$ 86,397</u>	<u>\$ 94,068</u>

See accompanying independent auditor's report.

<u>Environmental Planning Trust</u>	<u>Environmental Recycling Trust</u>	<u>Tax Sale Redemption</u>	<u>Total</u>
\$ 2,177	\$ 13,808	\$ --	\$ 19,518,615
--	--	--	18,279,438
--	--	--	206,235
--	--	--	1,462,934
--	--	--	292,309
--	--	--	4,425,312
--	--	--	101,469
--	--	--	2,539
--	--	--	23,713
--	--	97,911	276,392
--	--	--	48,681
<u>4,314</u>	<u>9,110</u>	<u>--</u>	<u>2,380,536</u>
<u>4,314</u>	<u>9,110</u>	<u>97,911</u>	<u>27,499,558</u>
--	--	--	1,014,486
--	13,850	--	25,602,934
--	--	97,911	288,651
<u>--</u>	<u>13,850</u>	<u>97,911</u>	<u>26,906,071</u>
\$ 6,491	\$ 9,068	\$ --	\$ 20,112,102

Cass County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Ten Years

	Modified Accrual Basis				
	2015	2014	2013	2012	2011
Revenues:					
Property and other					
County tax	\$ 7,210,296	\$ 6,627,919	\$ 6,620,965	\$ 6,150,888	\$ 5,888,548
Interest and penalty on					
property tax	46,922	50,578	46,845	48,160	50,972
Intergovernmental	6,419,357	6,401,335	5,145,746	6,705,691	6,087,544
Licenses and permits	21,353	20,150	25,939	26,618	72,190
Charges for service	342,440	351,156	366,761	352,680	364,599
Use of money and					
property	206,426	191,376	149,986	160,946	160,970
Miscellaneous	396,798	258,643	343,528	944,132	402,507
Total	\$ 14,643,592	\$ 13,901,157	\$ 12,699,770	\$ 14,389,115	\$ 13,027,330
Expenditures:					
Operating:					
Public safety and					
legal services	\$ 2,411,136	\$ 2,359,152	\$ 2,059,001	\$ 1,935,360	\$ 1,851,156
Physical health and					
social services	499,226	499,198	369,124	478,949	441,375
Mental health	1,629,259	1,092,156	1,159,179	2,312,828	1,916,651
County environment					
and education	521,275	517,854	572,006	430,641	433,668
Roads and transportation	4,287,370	4,958,282	4,215,133	4,375,809	4,167,109
Governmental services					
to residents	491,377	523,171	429,305	402,688	410,872
Administration	1,291,705	1,222,405	1,174,627	1,129,327	1,070,552
Non-program	2,365,949	2,405,639	1,486,923	867,510	798,090
Debt service	222,209	77,435	114,758	249,448	51,584
Capital projects	1,166,542	813,009	362,366	2,196,115	798,625
Total	\$ 14,886,048	\$ 14,468,301	\$ 11,942,422	\$ 14,378,675	\$ 11,939,682

See accompanying independent auditor's report.

Modified Accrual Basis				
2010	2009	2008	2007	2006
\$ 5,069,888	\$ 4,851,694	\$ 4,805,648	\$ 4,678,010	\$ 4,321,827
45,035	49,092	46,544	50,066	35,853
6,509,684	5,398,243	4,998,735	4,504,374	4,062,946
16,134	12,901	16,179	11,624	12,654
331,044	352,024	369,449	311,806	336,859
173,836	197,003	296,102	304,575	279,717
<u>313,162</u>	<u>264,702</u>	<u>325,451</u>	<u>537,730</u>	<u>661,879</u>
<u>\$ 12,458,783</u>	<u>\$ 11,125,659</u>	<u>\$ 10,858,108</u>	<u>\$ 10,398,185</u>	<u>\$ 9,711,735</u>
\$ 1,672,950	\$ 1,710,523	\$ 1,666,411	\$ 1,725,161	\$ 1,611,122
554,996	433,167	415,007	385,611	386,747
2,067,276	2,121,352	2,315,481	2,147,822	1,941,999
389,686	434,787	367,127	360,300	307,792
4,216,540	4,126,502	3,620,861	3,412,537	3,481,258
396,319	359,223	348,097	337,930	462,230
1,019,398	1,007,030	992,373	923,555	971,115
1,600,473	337,343	24,067	29,592	117,090
52,295	49,130	569,529	--	--
<u>1,166,098</u>	<u>1,081,410</u>	<u>1,412,044</u>	<u>2,138,169</u>	<u>532,209</u>
<u>\$ 13,136,031</u>	<u>\$ 11,660,467</u>	<u>\$ 11,730,997</u>	<u>\$ 11,460,677</u>	<u>\$ 9,811,562</u>

Cass County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 11,853
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grant Program/State's Program and Non- Entitlement Grants in Hawaii	14.228	08-DRH-203/ 08-DRH-003	2,053,384
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Immunization Services	93.268	58841412	2,611
Public Health Emergency Preparedness	93.074	5885BT11	46,072
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5885NB06	17,013
Community Transformation Grant Community Projects	93.531	5884HP02	17,114
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fun	93.596		3,113
Foster Care - Title IV-E	93.658		4,549
Adoption Assistance - Title IV-E	93.659		1,469
Children's Health Insurance Program (CHIP)	93.767		85
Medical Assistance Program (Medicaid, Title XIX)	93.778		22,454

(continued next page)

Cass County

Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2015

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
Iowa Department of Human Services (continued):			
Social Services Block Grant	93.667		\$ 3,718
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management Division:			
Hazard Mitigation	97.039		1,570
Emergency Management Performance Grants	97.042	EMPG-13-PT-15	<u>26,097</u>
Total			<u>\$ 2,211,102</u>

Basis of Presentation -The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cass County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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

To the Officials of Cass County, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass 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 5, 2016.

Internal Control Over Financial Reporting

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

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined below. However, material weaknesses may exist that have not been identified.

To the Officials of Cass County, Iowa

Compliance and Other Matters

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

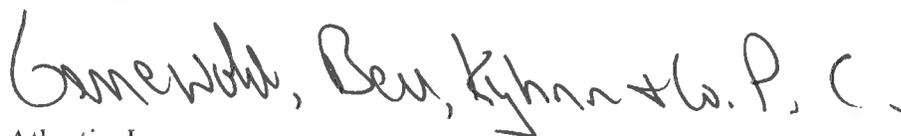
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Responses to Findings

Cass County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cass County's responses were not subjected to 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, this communication is not suitable for any other purpose.



Atlantic, Iowa
January 5, 2016

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance
for Each Major Federal Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

To the Officials of Cass County, Iowa

Report on Compliance for Each Major Federal Program

We have audited Cass County Iowa's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2015. The County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program.

Auditor's Responsibility

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

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

To the Officials of Cass County, Iowa

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Gmewolt, Ben, Kuhn & G.P.C.

Atlantic, Iowa
January 5, 2016

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) The audit did not disclose any significant deficiencies or material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any significant deficiencies or material weakness in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.228 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Cass County did qualify as a low-risk auditee.

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting

15-IV-A Certified Budget: Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the debt service function. Disbursements in certain departments exceeded the amount appropriated.

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

Response: We will amend the budget when required in the future.

Conclusion: Response accepted.

15-IV-B Questionable Expenditures: No expenditures were noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

15-IV-D Business Transactions: No business transactions between the County and County officials or employees were noted.

15-IV-E Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

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

15-IV-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-IV-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-IV-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.

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting - Continued

15-IV-J Financial Condition: The County has a deficit in unrestricted net position of \$1,449,416 at June 30, 2015 as a result of recording its share of the IPERS net unfunded pension liability.

Recommendation: The County management should remain aware of this deficit, and its cause, and comply with IPERS plan to reduce the deficit over a period of years.

Response: The deficit was the result of recognizing the County's proportionate share of IPERS net pension liability. The County realizes this liability is not due and payable immediately. Rather the pension liability will be paid down over a period of time with the County's future employer share of IPERS contributions.

Conclusion: Response accepted.

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