

**CHICKASAW COUNTY  
NEW HAMPTON, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2015**

## TABLE OF CONTENTS

		<u>Page</u>
OFFICIALS		1
INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS		2-4
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)		5-5f
<b>BASIC FINANCIAL STATEMENTS</b>	<b><u>Exhibit</u></b>	
Government-wide Financial Statements		
Statement of Net Position	A	6
Statement of Activities	B	7
Governmental Funds Financial Statements		
Balance Sheet	C	8-9
Statement of Revenues, Expenditures, and Changes in Fund Balances	D	10-11
Proprietary Fund Financial Statements		
Statement of Net Position	E	12
Statement of Revenues, Expenses, and Changes in Net Position	F	13
Statement of Cash Flows	G	14
Fiduciary Fund Financial Statements		
Statement of Fiduciary Assets and Liabilities - Agency Funds	H	15
Notes to Financial Statements		16-39
<b>Required Supplementary Information</b>		
Budgetary Comparison Schedule of		
Receipts, Disbursements, and Changes in Balance -		
Budget and Actual (Cash Basis) - All Governmental Funds		40
Budget to GAAP Reconciliation		41
Notes to Required Supplementary Information - Budgetary Reporting		42
Schedule of the County’s Proportionate Share of the Net Pension Liability		43
Schedule of County Contributions		44
Notes to Required Supplementary Information - Pension Liability		45
Schedule of Funding Progress for the Retiree Health Plan		46
<b>OTHER SUPPLEMENTARY INFORMATION</b>	<b><u>Schedule</u></b>	
Governmental Activities		
Nonmajor Governmental Funds		
Combining Balance Sheet	1	47
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	2	48
Nonmajor Special Revenue Funds		
Combining Balance Sheet	3	49
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	4	50
Agency Funds		
Combining Schedule of Fiduciary Assets and Liabilities	5	51
Combining Schedule of Changes in Fiduciary Assets and Liabilities	6	52
Comparative Schedule of Revenues by Source and Expenditures by Function -		
All Governmental Funds	7	53

**TABLE OF CONTENTS**  
**(Continued)**

	<u>Page</u>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>54-55</b>
<b>MANAGEMENT LETTER</b>	<b>56-58</b>

CHICKASAW COUNTY

OFFICIALS

Name	Title	Term Expires
Tim Zoll	Board of Supervisors	December 2018
Daniel Carolan	Board of Supervisors	December 2018
Rick Holthaus	Board of Supervisors	December 2016
John Anderson	Board of Supervisors	December 2016
Steve Geerts	Board of Supervisors	December 2016
Joan Knoll	County Auditor	December 2016
Sue Breitbach	County Treasurer	December 2018
Cindy Messersmith	County Recorder	December 2018
Todd Miller	County Sheriff	December 2016
W. Patrick Wegman	County Attorney	December 2018
Douglas Welton	County Assessor	December 2021

INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS

To the Board of Supervisors  
Chickasaw County  
New Hampton, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

## Opinions

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

## Emphasis of Matter

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

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 5f, the budgetary comparison information, the schedule of the county's proportionate share of the net pension liability, the schedule of the county contributions, and the schedule of funding progress for the retiree health plan on pages 40 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chickasaw County's June 30, 2015 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the 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 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 7 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016, on our consideration of Chickasaw County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chickasaw County's internal control over financial reporting and compliance.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
January 26, 2016

**CHICKASAW COUNTY  
NEW HAMPTON, IOWA**

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

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

**2015 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased .67%, or approximately \$90,000, from fiscal 2014 to fiscal 2015. Charges for services decreased approximately \$84,000, while general revenues decreased approximately \$69,000.
- Program expenses were 18.8%, or approximately \$1,937,000, more in fiscal 2015 than in fiscal 2014. Mental health expenses increased approximately \$263,000, roads and transportation expenses increased approximately \$1,294,000.
- The County's net position decreased 5.82%, or approximately \$1,563,000, from June 30, 2014 to June 30, 2015.

**USING THE BASIC FINANCIAL STATEMENTS**

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

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

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Chickasaw County as a whole and present an overall view of the County's finances and a longer-term view of those finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Chickasaw County's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Chickasaw County, the general fund, the mental health-special revenue fund, the rural services-special revenue fund, and the secondary roads-special revenue fund are the most significant funds. The remaining financial statements provide information about activities for which Chickasaw County acts solely as an agent or custodian for the benefit of those outside of the government.

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

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

Supplementary information provides detailed information about the nonmajor special revenue funds and the individual fiduciary funds.

## REPORTING THE COUNTY AS A WHOLE

### *Government-wide Financial Statements*

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

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

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

In the statement of net position and statement of activities, the County is divided into two distinct kinds of activities:

1. **Governmental activities:** most of the County's programs and services are reported here, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and other non-program activities. Property tax, state tax credits and state and federal grants finance most of these activities.
2. **Business-type activities:** the County records their health insurance as an internal service fund.

## REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

### *Fund Financial Statements*

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

### *Governmental Funds*

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

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

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS (Continued)

*Fund Financial Statements (Continued)*

*Proprietary Fund*

A proprietary fund accounts for the employee group health insurance-internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows.

*Fiduciary Funds*

Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, the County Assessor and E911 Service Board, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Condensed Statement of Net Position (Expressed in Thousands)			
	2015	2014*	Percent Change
Current and other assets	\$ 14,406	\$ 14,102	2.16%
Capital assets	20,549	19,695	4.34%
Total assets	34,955	33,797	3.43%
Deferred outflows of resources	526	-	100.00%
Current liabilities	960	778	23.39%
Noncurrent liabilities	2,908	966	201.04%
Total liabilities	3,868	1,744	121.79%
Deferred inflows of resources	6,320	5,197	21.61%
Net Position			
Net investment in capital assets	20,549	19,695	4.34%
Restricted	4,944	5,026	-1.63%
Unrestricted	(200)	2,135	-109.37%
Total net position	\$ 25,293	\$ 26,856	-5.82%

\* Not restated

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Chickasaw County's net position for the governmental activities decreased slightly from fiscal 2014 to fiscal 2015. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment) less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position-the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased for the governmental activities due to the restatement of net pension liability.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$2,702,996 to retroactively report the net pension liability as June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense, which is more reflective of the amounts employees earned during the year.

	Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	2015	2014*	Percent Change
<b>Revenues:</b>			
Program revenue			
Charges for service	\$ 1,924	\$ 2,031	-5.27%
Operating grants	3,734	3,456	8.04%
Capital grants	1,259	1,450	-13.17%
General revenue			
Property taxes	5,112	5,206	-1.81%
Local option sales tax	725	605	19.83%
Penalty and interest on property taxes	27	27	0.00%
State tax credits	361	280	28.93%
Rents	30	27	11.11%
Unrestricted investment earnings	57	75	-24.00%
Loss on sale of capital assets	(82)	(6)	-1266.67%
Other	233	319	-26.96%
<b>Total revenues</b>	<b>13,380</b>	<b>13,470</b>	<b>-0.67%</b>
<b>Program expenses:</b>			
Public safety and legal services	1,681	1,559	7.83%
Physical health and social services	1,317	1,341	-1.79%
Mental health	765	502	52.39%
County environment and education	788	569	38.49%
Roads and transportation	5,440	4,146	31.21%
Governmental services to residents	306	471	-35.03%
Administration	1,653	1,248	32.45%
Non-program	290	467	-37.90%
<b>Total expenses</b>	<b>12,240</b>	<b>10,303</b>	<b>18.80%</b>
<b>Increase in net position</b>	<b>1,140</b>	<b>3,167</b>	<b>-64.00%</b>
<b>Net position beginning of year (restated)</b>	<b>24,153</b>	<b>23,689</b>	<b>1.96%</b>
<b>Net position end of year</b>	<b>\$ 25,293</b>	<b>\$ 26,856</b>	<b>-5.82%</b>

\* Not restated

## INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$7,677,000, a \$293,000 decrease from the 2014 fiscal year end balance of \$7,970,000.

- The general fund revenues decreased .006% from the prior year, and the expenditures increased by 10.52% from the prior year. The major change for expenditures was in the public safety and legal services function, which increased by \$307,446. The ending fund balance showed a decrease of 13.64% from the prior year of \$3,398,000 to \$2,935,000.
- The County is now part of a 28E agreement with 20 other counties to provide mental health services at a regional level. For the year, revenues decreased 2.72% and expenditures increased 55.96% from the prior year. The mental health fund balance at year end decreased by \$89,000 from the prior year.
- Secondary roads fund revenues increased approximately \$335,000 over the prior year. For the year, expenditures totaled \$5,158,000, an increase of \$858,000 due to an increase in roadway maintenance. The secondary roads fund balance at year end increased by \$284,000, or 10.41%.
- The rural services fund revenues increased .006% from the prior year, and the expenditures increased by .027% from the prior year. The ending fund balance for the rural services fund decreased by \$73,000 or 14.87% over the prior year.

## BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its budget once. The amendment was made in November 2014 which resulted in an increase in budgeted revenues and an increase in budgeted disbursements. However, this did not require an increase in taxes as the County received more charges for service revenues than originally projected.

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

### BUDGETARY HIGHLIGHTS (Continued)

The following chart shows the original and amended budget for fiscal 2015 as well as the actual revenue and expenditures for the year:

	Budgetary Comparison Schedule			
	(Expressed in Thousands)			
	Budget Basis	Budget Amounts		Variance
	Original	Final		
<b>RECEIPTS</b>				
Property and other County tax	\$ 5,816	\$ 5,769	\$ 5,769	\$ 47
Interest and penalty on property tax	27	4	4	23
Intergovernmental	4,534	3,861	3,884	650
Licenses and permits	20	8	8	12
Charges for service	1,155	571	634	521
Use of money and property	102	110	110	(8)
Miscellaneous	213	85	85	128
<b>Total receipts</b>	<b>11,867</b>	<b>10,408</b>	<b>10,494</b>	<b>1,373</b>
<b>DISBURSEMENTS</b>				
Public safety and legal services	1,946	1,983	2,062	116
Physical health and social services	1,395	1,657	1,662	267
Mental health	826	825	827	1
County environment and education	682	734	765	83
Roads and transportation	4,941	4,941	4,941	-
Governmental services to residents	439	473	473	34
Administration	1,457	1,489	1,564	107
Non-program	2	2	2	-
Capital projects	251	189	333	82
<b>Total disbursements</b>	<b>\$ 11,939</b>	<b>\$ 12,293</b>	<b>\$ 12,629</b>	<b>\$ 690</b>

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

At the end of fiscal year 2015, Chickasaw County had approximately \$20,549,000 invested in a broad range of capital assets, including large road equipment, infrastructure and construction in progress for the governmental activities.

The County had depreciation expense of approximately \$1,091,000 for fiscal year 2015 and total accumulated depreciation of \$17,246,000 as of June 30, 2015 for the governmental activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

#### *Long-term Liabilities*

At June 30, 2015, Chickasaw County has approximately \$373,000 in estimated postclosure costs for the landfill. As postclosure expenses are incurred, such as engineering costs, or the cost of leachate disposal, the estimated costs are reduced. For fiscal year 2014, the estimate was \$388,000. The County is required to demonstrate financial assurance for the estimated costs at a minimum. At June 30, 2015, the balance restricted for postclosure costs was approximately \$509,000.

As of June 30, 2015, Chickasaw County had signed an agreement with Adkins for voting machines of \$119,426. See Note 9 to the financial statements for more details.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Chickasaw County's elected and appointed officials and citizens have always considered many factors while setting each fiscal year's budget, tax rates, and the fees that will be charged for various County activities, with one of the largest considerations being the economy. The County's economy and tax base remains heavily dependent on the agriculture industry.

Some of the accomplishments of Chickasaw County:

- Renovated (restored and repainted) interior of the Courthouse.
- Upgraded security in the Courthouse by installing several cameras and increasing the number of "panic buttons" in various offices.
- Updated Courthouse elevator.
- Completed tuck-pointing project at Community Services Building.
- Constructed shower and restroom facilities at Airport Park (Conservation Department).
- Purchased body cameras for deputies and jail staff.
- Updated weapons for deputies.
- Purchased new patrol pickup for deputy (replacing car).
- Purchased new vests for deputies.
- Approved the employment of an Emergency Medical Service (EMS) Coordinator.
- Establish Hazard Materials Fund to cover the possible costs associated with hazardous material spills.
- Purchased new voting machines.
- Negotiated new Secondary Roads Department union contract.

Farming and agriculture remains the largest segment of Chickasaw County's valuation and source of taxes within the County. Each year the Board of Supervisors meets with Farm Bureau for review and discussion of the proposed upcoming fiscal year budget.

Following is a chart showing four years of tax asking, levies and taxable values.

	2012-13	2013-14	2014-15	2015-16
General Basic	2,291,807	2,377,941	2,409,618	2,632,982
Pioneer Cemetery	1,932	1,930	1,935	4,002
General Supplemental	None	819,330	781,721	731,576
MH-DD Services	552,627	551,601	553,448	478,509
Rural Services Basic	1,393,794	1,445,989	1,450,064	1,550,702
Tax Asking	4,240,160	5,196,791	5,196,786	5,297,771
Levy Rate	7.35066	8.52441	8.44591	8.20000
Taxable Valuation	654,801,949	679,411,692	688,462,364	723,709,039

### CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Chickasaw County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County Auditor's Office, Chickasaw County, 8 E. Prospect Avenue, P.O. Box 311, New Hampton, IA 50659.

CHICKASAW COUNTY  
STATEMENT OF NET POSITION  
June 30, 2015

	<b>ASSETS</b>	<b>Governmental Activities</b>
Cash and pooled investments		\$ 7,437,986
Receivables		
Property tax		
Delinquent		110,471
Succeeding year		5,297,771
Accounts		87,395
Accrued interest		8,088
Due from other governments		496,123
Inventories		840,722
Prepaid expenses		62,742
Nondepreciable assets		2,546,234
Capital assets, net of accumulated depreciation		18,003,415
Investment in insurance pool		64,528
		<u>34,955,475</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows		525,965
		<u>525,965</u>
		<u>\$ 35,481,440</u>
	<b>LIABILITIES</b>	
Accounts payable		\$ 574,134
Salaries and benefits payable		87,292
Due to other governments		58,368
Long-term liabilities		
Portion due within one year		
Notes payable		36,196
Compensated absences		203,333
Portion due after one year		
Notes payable		129,318
Postclosure costs		373,068
Net pension liability		1,992,427
Net OPEB obligation		413,685
		<u>3,867,821</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable property tax revenue		5,297,771
Pension related deferred inflows		1,021,995
		<u>6,319,766</u>
	<b>NET POSITION</b>	
Net investment in capital assets		20,549,649
Restricted for		
Mental health		179,156
Rural services		423,384
Secondary roads		3,008,726
Landfill postclosure costs		508,889
Capital projects		253,530
Other special revenue		399,444
Other purposes		171,485
Unrestricted		(200,410)
		<u>25,293,853</u>
		<u>\$ 35,481,440</u>

See Notes to Financial Statements.

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

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants	Capital Grants	
<b>Governmental activities</b>					
Public safety and legal services	\$ 1,681,136	\$ 98,471	\$ 57,227		\$ (1,525,438)
Physical health and social services	1,316,896	757,617	481,769		(77,510)
Mental health	765,486	83,781			(681,705)
County environment and education	787,701	15,005	13,525		(759,171)
Roads and transportation	5,558,742	196,438	3,182,237	\$ 1,258,805	(921,262)
Governmental services to residents	186,619	298,784			112,165
Administration	1,653,285	115,674			(1,537,611)
Non-program	289,603	358,243			68,640
<b>Total governmental activities</b>	<b>\$ 12,239,468</b>	<b>\$ 1,924,013</b>	<b>\$ 3,734,758</b>	<b>\$ 1,258,805</b>	<b>(5,321,892)</b>
<b>General revenues</b>					
Property taxes levied for					
General purposes					5,112,075
Local option sales tax					725,287
Penalty and interest on property taxes					26,970
State tax credits					360,811
Rents					29,592
Unrestricted investment earnings					57,260
Loss on sale of capital assets					(82,252)
Miscellaneous					233,056
<b>Total general revenues</b>					<b>6,462,799</b>
<b>Change in net position</b>					<b>1,140,907</b>
<b>Net position, beginning of year (restated)</b>					<b>24,152,946</b>
<b>Net position, end of year</b>					<b>\$ 25,293,853</b>

See Notes to Financial Statements.

CHICKASAW COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	General	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
		Mental Health	Rural Services	Secondary Roads		
<b>ASSETS</b>						
Cash and pooled investments	\$ 2,774,930	\$ 164,633	\$ 419,561	\$ 2,241,976	\$ 1,150,579	\$ 6,751,679
Receivables						
Property tax						
Delinquent	104,874	1,796	3,801			110,471
Succeeding year	3,268,560	478,509	1,550,702			5,297,771
Accounts	78,144	8,589		429	233	87,395
Accrued interest	7,624				306	7,930
Due from other governments	90,329	7,830		385,543	12,421	496,123
Inventories				840,722		840,722
Investment in insurance pool	64,528					64,528
Prepaid insurance	34,964	1,118	556	26,104		62,742
<b>Total assets</b>	<b>\$ 6,423,953</b>	<b>\$ 662,475</b>	<b>\$ 1,974,620</b>	<b>\$ 3,494,774</b>	<b>\$ 1,163,539</b>	<b>\$ 13,719,361</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 61,153	\$ 3,217	\$ 38	\$ 416,718	\$ 1,676	\$ 482,802
Salaries and benefits payable	41,896	1,593	478	43,325		87,292
Due to other governments	7,345		18	26,005	25,000	58,368
<b>Total liabilities</b>	<b>110,394</b>	<b>4,810</b>	<b>534</b>	<b>486,048</b>	<b>26,676</b>	<b>628,462</b>
<b>Deferred inflows of resources</b>						
Succeeding year property tax	3,268,560	478,509	1,550,702			5,297,771
Other	110,435	1,796	3,801			116,032
<b>Total deferred inflows of resources</b>	<b>3,378,995</b>	<b>480,305</b>	<b>1,554,503</b>	<b>-</b>	<b>-</b>	<b>5,413,803</b>
<b>Fund balances</b>						
<b>Nonspendable</b>						
Inventories				840,722		840,722
Prepaid expenditures	34,964	1,118	556	26,104		62,742
<b>Restricted for</b>						
Mental health purposes		176,242				176,242
Rural services purposes			419,027			419,027
Secondary roads purposes				2,141,900		2,141,900
Landfill postclosure costs purposes					508,889	508,889
Other special revenue purposes					399,444	399,444
Capital projects					253,530	253,530
Other purposes	15,058					15,058
Assigned for economic development	121,463					121,463
Unassigned	2,763,079				(25,000)	2,738,079
<b>Total fund balances</b>	<b>2,934,564</b>	<b>177,360</b>	<b>419,583</b>	<b>3,008,726</b>	<b>1,136,863</b>	<b>7,677,096</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,423,953</b>	<b>\$ 662,475</b>	<b>\$ 1,974,620</b>	<b>\$ 3,494,774</b>	<b>\$ 1,163,539</b>	<b>\$ 13,719,361</b>

See Notes to Financial Statements.

CHICKASAW COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

<b>Reconciliation of governmental fund balances to net position</b>	
Total governmental fund balances	\$ 7,677,096
<b>Amounts reported for governmental activities</b>	
in the statement of net position are different because:	
Capital assets used in governmental activities are not current	
financial resources and, therefore, are not reported as assets	
in the governmental funds, net of accumulated depreciation of	
\$ 17,246,154	20,549,649
Other long-term assets are not available to pay for current year expenditures and, therefore,	
are recognized as deferred inflows of resources in the governmental funds.	
	116,032
Internal service funds are used by management to charge the costs of self-funding	
of the County's health insurance benefit plan to individual funds.	
The assets and liabilities of the internal service fund are included with	
governmental activities in the statement of net position.	
	595,133
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	525,965
Deferred inflows of resources	(1,021,995)
Other liabilities, including bonds payable and accrued interest,	
other postemployment benefits payable and net pension liability,	
are not due and payable in the current year and, therefore,	
are not reported as liabilities in the governmental funds:	
Postclosure costs	(373,068)
Notes payable	(165,514)
Compensated absences	(203,333)
Net pension liability	(1,992,427)
Net OPEB obligation	(413,685)
	<u>25,293,853</u>
Net position of governmental activities per Exhibit A	<u>\$ 25,293,853</u>

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

	General	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
		Mental Health	Rural Services	Secondary Roads		
<b>REVENUES</b>						
Property and other County tax	\$ 3,108,340	\$ 538,950	\$ 1,437,928		\$ 16,468	\$ 5,101,686
Local option sales tax				\$ 652,757	72,530	725,287
Interest and penalty on property tax	32,579					32,579
Intergovernmental	1,204,005	40,194	88,700	3,182,237	13,525	4,528,661
Licenses and permits	11,256			7,180		18,436
Charges for service	830,886	107,057	1,600	188,271	2,679	1,130,493
Use of money and property	67,148				3,696	70,844
Miscellaneous	171,502			48,690	30,092	250,284
<b>Total revenues</b>	<b>5,425,716</b>	<b>686,201</b>	<b>1,528,228</b>	<b>4,079,135</b>	<b>138,990</b>	<b>11,858,270</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Public safety and legal services	1,886,152		6,219		25,000	1,917,371
Physical health and social services	1,410,731					1,410,731
Mental health		775,060				775,060
County environment and education	495,460		103,604	2,269	90,723	692,056
Roads and transportation			119,167	5,050,661		5,169,828
Governmental services to residents	414,097				2,194	416,291
Administration	1,423,842					1,423,842
Non-program	4,526					4,526
Debt service	236,946					236,946
Capital projects				105,524	5,000	110,524
<b>Total expenditures</b>	<b>5,871,754</b>	<b>775,060</b>	<b>228,990</b>	<b>5,158,454</b>	<b>122,917</b>	<b>12,157,175</b>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	<b>(446,038)</b>	<b>(88,859)</b>	<b>1,299,238</b>	<b>(1,079,319)</b>	<b>16,073</b>	<b>(298,905)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	58,884			1,360,000	32,500	1,451,384
Proceeds from disposal of capital assets	2,676			3,020		5,696
Transfers out	(78,884)		(1,372,500)			(1,451,384)
	(17,324)	-	(1,372,500)	1,363,020	32,500	5,696
<b>(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(463,362)</b>	<b>(88,859)</b>	<b>(73,262)</b>	<b>283,701</b>	<b>48,573</b>	<b>(293,209)</b>
<b>FUND BALANCES, beginning of year</b>	<b>3,397,926</b>	<b>266,219</b>	<b>492,845</b>	<b>2,725,025</b>	<b>1,088,290</b>	<b>7,970,305</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 2,934,564</b>	<b>\$ 177,360</b>	<b>\$ 419,583</b>	<b>\$ 3,008,726</b>	<b>\$ 1,136,863</b>	<b>\$ 7,677,096</b>

See Notes to Financial Statements.

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

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities		
Net change in fund balances - total governmental funds	\$	(293,209)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period:		
Capital outlays	\$	775,005
Capital assets contributed by the Iowa Department of Transportation		1,258,805
Depreciation		<u>(1,091,405)</u>
		942,405
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds:		
Property tax		(106,921)
Other		<u>87,159</u>
		(19,762)
The net effect of disposal of capital assets		(87,948)
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.		375,476
The internal service fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities.		301,738
Postclosure landfill costs		15,230
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Notes payable		123,117
Compensated absences		27,590
Pension expense		(160,937)
Net OPEB obligation		<u>(82,793)</u>
		(93,023)
Change in net position of governmental activities, per Exhibit B	\$	<u><u>1,140,907</u></u>

CHICKASAW COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2015

---

		Internal Service
<b>ASSETS</b>		
Cash and pooled investments		\$ 686,307
Receivables		
Accounts		158
Total assets		\$ 686,465
<b>LIABILITIES AND NET POSITION</b>		
Liabilities		
Deferred revenue		\$ 91,332
Total liabilities		91,332
Net position		
Unrestricted		595,133
Total liabilities and net position		\$ 686,465

CHICKASAW COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
For the Year Ended June 30, 2015

---

	Internal Service
OPERATING REVENUES	
Charges for service	\$ 1,334,791
OPERATING EXPENSES	
Insurance claims paid	1,014,713
Administrative fees	19,814
Total operating expenses	1,034,527
Operating income	300,264
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,474
Change in net position	301,738
NET POSITION, beginning of year	293,395
NET POSITION, end of year	\$ 595,133

CHICKASAW COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2015

	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from interfund services provided	\$ 1,304,230
Cash payments to suppliers for services	(1,035,252)
Net cash provided by operating activities	268,978
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	1,474
Net increase in cash and cash equivalents	270,452
<b>CASH and CASH EQUIVALENTS, beginning of year</b>	415,855
<b>CASH and CASH EQUIVALENTS, end of year</b>	\$ 686,307
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 300,264
Adjustments to reconcile operating income to net cash provided by operating activities	
Increase in accounts receivable	(66)
Decrease in accounts payable	(725)
Increase in deferred revenue	(30,495)
Net cash provided by operating activities	\$ 268,978

See Notes to Financial Statements.

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

---

## ASSETS

Cash and pooled investments		
County Treasurer	\$	1,166,289
Other County officials		46,300
Receivables		
Property tax		
Delinquent		42,232
Succeeding year		12,025,739
Accounts		294
Accrued interest		73
Due from other governments		43,627
Prepaid insurance		6,172
		<hr/>
Total assets		13,330,726

## LIABILITIES

Accounts payable		17,408
Salaries and benefits payable		5,001
Due to other governments		1,166,206
Trusts payable		30,513
Unavailable property tax revenue		12,067,971
Other		43,627
		<hr/>
Total liabilities		13,330,726

## NET POSITION

\$ None

# CHICKASAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

---

### 1. Nature of Operations and Significant Accounting Policies

#### a. Nature of Operations

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

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

#### b. Significant Accounting Policies

##### *Scope of Reporting Entity*

For financial reporting purposes, Chickasaw County has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

##### *Jointly Governed Organizations*

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

##### *Government-wide Financial Statements*

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

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

b. Significant Accounting Policies (Continued)

*Government-wide Financial Statements (Continued)*

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

*Fund Financial Statements*

Separate financial statements are provided for governmental 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 other nonmajor governmental funds. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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

*Governmental*

*General Fund*

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

*Special Revenue Funds*

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

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

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

*Proprietary Funds*

*Internal Service 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.

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

b. Significant Accounting Policies (Continued)

*Fund Financial Statements (Continued)*

*Fiduciary Funds*

*Agency Funds*

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

*Measurement Focus and Basis of Accounting*

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

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

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

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

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

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

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

b. Significant Accounting Policies (Continued)

*Measurement Focus and Basis of Accounting (Continued)*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund is charges to other funds and employees for health insurance. 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.

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity*

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

*Cash Management, Cash Equivalents and Pooled Investments*

The 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. All of the investments carried in the financial statements, which consist of bank time deposits and bank certificates of deposit, are stated at cost. Cost approximates market value for investments at June 30, 2015.

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, they have a maturity date no longer than three months.

*Property Tax Receivable*

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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.

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

b. Significant Accounting Policies (Continued)

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

*Property Tax Receivable (Continued)*

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

*Interest and Penalty on Property Tax Receivable*

Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable, but has not been collected.

*Grants*

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

*Interfund Transactions*

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

*Due from Other Governments*

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

*Inventories*

Inventories are valued at cost using the first-in, first-out method. Inventories in the special revenue funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.

*Prepaid Expenditures*

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

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

b. Significant Accounting Policies (Continued)

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

*Capital Assets*

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

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

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

Asset Class	Estimated Useful Lives (in Years)
Buildings and improvements	20-50
Infrastructure	30-50
Equipment	2-20
Intangibles	5-20
Vehicles	3-10

*Deferred Outflows of Resources*

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

*Due to Other Governments*

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

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

b. Significant Accounting Policies (Continued)

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

*Trusts Payable*

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

*Compensated Absences*

County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absence liability attributable to the governmental activities will be paid primarily by the general and secondary roads funds.

*Long-term Liabilities*

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

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

*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 represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of the succeeding year property tax receivable as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

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

b. Significant Accounting Policies (Continued)

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

*Deferred Inflows of Resources (Continued)*

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

*Fund Equity*

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

- *Nonspendable* - amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.
- *Assigned* - amounts the Board of Supervisors intend to use for specific purposes.
- *Unassigned* - all amounts not included in the preceding classifications.

*Net Position*

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

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

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

*Budgets and Budgetary Accounting*

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the non-program function.

*Management Estimates*

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

NOTES TO FINANCIAL STATEMENTS

---

2. Deposits and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

*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.

3. Due from Other Governments

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

Governmental	
General fund	
Medicare	\$ 23,559
Medicaid	41,795
Other	24,975
	90,329
Mental health fund	
Miscellaneous state grants and reimbursements	7,830
Secondary roads fund	
Local option sales tax	101,210
Road use tax	279,711
Bridge replacement	4,051
FEMA	571
	385,543
Nonmajor governmental	12,421
Total governmental funds	\$ 496,123

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets

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

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Governmental activities:</b>				
Land	\$ 2,546,234			\$ 2,546,234
Infrastructure in progress	None			None
Total non-depreciable assets	2,546,234			2,546,234
<b>Capital assets being depreciated:</b>				
Buildings	3,906,934	\$ 6,700		3,913,634
Equipment	4,357,939	484,866	\$ 226,005	4,616,800
Vehicles	2,063,156	139,046	118,857	2,083,345
Infrastructure	23,232,592	1,403,198		24,635,790
Total capital assets being depreciated	33,560,621	2,033,810	344,862	35,249,569
<b>Less accumulated depreciation:</b>				
Buildings	1,481,892	65,873		1,547,765
Equipment	2,418,103	225,168	146,787	2,496,484
Vehicles	1,476,594	135,356	110,127	1,501,823
Infrastructure	11,035,074	665,008		11,700,082
Total accumulated depreciation	16,411,663	1,091,405	256,914	17,246,154
Total capital assets being depreciated, net	17,148,958	942,405	87,948	18,003,415
<b>Governmental activities</b>				
Capital assets, net	\$ 19,695,192	\$ 942,405	\$ 87,948	\$ 20,549,649

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

<b>Governmental activities</b>	
Public safety and legal services	\$ 36,860
Physical health and social services	9,227
Mental health	6,997
County environment and education	22,091
Roads and transportation	929,376
Governmental services to residents	3,311
Administration	83,543
	\$ 1,091,405

NOTES TO FINANCIAL STATEMENTS

---

5. **Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The agency fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection.

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

<b>Governmental</b>			
General fund	Services	\$	7,345
<b>Special revenue funds</b>			
Secondary roads	Services		26,005
Rural services	Services		18
Ambulance	Services		25,000
Total special revenue funds			51,023
Total governmental funds		\$	58,368
<b>Fiduciary</b>			
<b>Agency</b>			
County offices	Collections	\$	15,787
Agricultural extension education			2,231
County Assessor			232,655
Schools			87,265
Area schools			7,043
Corporations			17,990
Townships			2,410
City special assessment			68
Auto license and use tax			309,348
Other			491,409
Total agency funds		\$	1,166,206

6. **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](http://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.

6. **Pension Plan (Continued)**

*Pension Benefits*

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

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

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

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

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

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

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

*Disability and Death Benefits*

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

6. Pension Plan (Continued)

*Contributions*

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The County's contributions to IPERS for the year ended June 30, 2015 were \$375,476.

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

At June 30, 2015, the County reported a liability of \$1,992,427 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 .0502389, which was a decrease of .003216 from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$160,955. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total of all Groups	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,355	\$ 20,898
Changes of assumptions	90,779	20,113
Net difference between projected and actual earnings on pension plan investments		978,148
Changes in proportion and differences between County contributions and proportionate share of contributions	37,355	2,836
County contributions subsequent to the measurement date	375,476	
Total	\$ 525,965	\$ 1,021,995

6. **Pension Plan (Continued)**

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

\$375,476 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ (219,621)
2017	(219,621)
2018	(219,621)
2019	(219,621)
2020	<u>6,977</u>
Total	<u>\$ (871,507)</u>

There were no non-employer contributing entities at IPERS.

*Actuarial Assumptions*

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

6. **Pension Plan (Continued)**  
*Actuarial Assumptions (Continued)*

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

*Discount Rate*

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

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

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County’s proportionate share of the net pension liability	\$ 4,238,002	\$ 1,992,427	\$ 98,425

*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](http://www.ipers.org).

*Payables to the Pension Plan*

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

NOTES TO FINANCIAL STATEMENTS

7. Construction, Purchase and Other Commitments

At June 30, 2015, the total outstanding construction and purchase commitments of the County amount to \$1,658,625. Of these commitments, none will be funded by state and federal grants.

8. Leases

- The County leases farmland to:
  - Gordon Davis, Jr. for \$16,626/year from March 1, 2016 through March 1, 2019.
  - Bruce Lantzky for \$13,140/year from March 1, 2014 through February 28, 2017.
  - Dale Rosonke for \$12,790/year from March 1, 2013 through February 28, 2016.
- The County will lease farmland to Mike Bucknell for \$12,790/year from March 1, 2016 through February 28, 2019.
- The County has leased business property to Heritage Regional Services for \$1/year.
- The County leases a commercial building from AgVantage FS for \$750/month from January 1, 2015 through December 31, 2018.

Future minimum lease payments under the lease agreements are as follows:

Year ended June 30,	
2016	\$ 9,000
2017	9,600
2018	10,200
2019	<u>5,100</u>
Total	<u>\$ 33,900</u>

Total lease expense for the year ended June 30, 2015 was \$6,000.

9. Long-term Liabilities

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

	Estimated Liability for Landfill Postclosure Costs	Compensated Absences	Notes Payable	Total
Balance, beginning of year	\$ 388,298	\$ 230,923	\$ 283,034	\$ 902,255
Additions	None	203,333	119,426	322,759
Reductions	(15,230)	(230,923)	(236,946)	(483,099)
Balance, end of year	<u>\$ 373,068</u>	<u>\$ 203,333</u>	<u>\$ 165,514</u>	<u>\$ 741,915</u>
Due within one year	<u>\$ None</u>	<u>\$ 203,333</u>	<u>\$ 36,196</u>	<u>\$ 239,529</u>

NOTES TO FINANCIAL STATEMENTS

9. Long-term Liabilities (Continued)

*Notes Payable*

In March 2013, the County signed an agreement with Tyler Technologies totaling \$180,980 due in annual payments of \$36,196 for software products and services starting March 2014 through March 2018.

In August 2013, the County purchased land from Louie and Linda Hugh for \$278,250 due in two annual payments, with no interest and final payment due in August 2015.

In March 2015, the County purchased voter tabulation systems equipment from Adkins for \$119,426 due in three annual payments of \$39,809, with no interest and final payment due in July 2017. The County did make payments of \$62,500 during FY15.

A summary of the principal maturities of debt is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>
2016	\$ 36,196
2017	53,313
2018	76,005
2019	-
2020	-
	<u>\$ 165,514</u>

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

Total assessed valuation	<u>\$ 711,854,075</u>
Debt limit - 5% of total assessed valuation	\$ 35,592,704
Debt applicable to debt limit	
Notes payable	<u>(165,514)</u>
Legal debt margin	<u><u>\$ 35,427,190</u></u>

*Postclosure Care Costs*

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County has stopped accepting waste at the landfill. The \$373,068 reported as estimated liability for landfill postclosure care costs at June 30, 2015, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care during the year ended June 30, 2015. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In anticipation of State regulations requiring municipal solid waste landfills to demonstrate financial responsibility for the costs of closure and postclosure care, the County has restricted \$508,889 as of June 30, 2015 for such purposes. These funds are reflected as a restriction of fund balance within the special revenue-landfill postclosure costs fund.

NOTES TO FINANCIAL STATEMENTS

10. Interfund Transfers

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

	Transfers In	Transfers Out
General fund	\$ 58,884	\$ 78,884
Special revenue funds		
Rural services		1,372,500
Secondary roads	1,360,000	
	1,360,000	1,372,500
Nonmajor governmental funds	32,500	None
Total	\$ 1,451,384	\$ 1,451,384

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

11. Other Postemployment Benefits (OPEB)

*Plan Description*

The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 92 active members and 1 retired member in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug 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 retiree benefit plan on a pay-as-you-go basis.

*Annual OPEB Cost and Net OPEB Obligation*

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

NOTES TO FINANCIAL STATEMENTS

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

*Annual OPEB Cost and Net OPEB Obligation (Continued)*

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

Annual required contribution	\$	95,753
Interest on net OPEB obligation		8,273
Adjustment to annual required contribution		(19,541)
Annual OPEB cost		84,485
Contributions made		(1,692)
Increase in net OPEB obligation		82,793
Net OPEB obligation beginning of year		330,892
Net OPEB obligation end of year	\$	413,685

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$1,692 to the medical plan. Plan members eligible for benefits contributed \$173,742 or 22.05% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 79,883	.70%	\$ 256,204
June 30, 2014	\$ 87,087	1.25%	\$ 330,892
June 30, 2015	\$ 84,485	2.00%	\$ 413,685

*Funded Status and Funding Progress*

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$439,947, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$439,947. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,836,000 and the ratio of the UAAL to covered payroll was 11.5%. As of June 30, 2015, there were no trust fund assets.

11. Other Postemployment Benefits (OPEB) (Continued)

*Actuarial Methods and Assumptions*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the retiree health plan, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2012, actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from RP-2000 Combined Mortality Table projected to 2015 using Scale AA.

12. Contingent Liabilities

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

13. Risk Management

Chickasaw County is a member in the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (pool) is a local government risk-sharing pool whose 10 members include counties throughout the State of Iowa. The pool was formed July 1, 1987 for the purpose of providing a voluntary self-insured program to counties in the State of Iowa. The program is designed to provide members a greatly improved loss control program whose purpose is to reduce claims and accidents; aid through sound and equitable claim management practices to reduce costs; and provide the required and/or desired reinsurance at a discount, based on volume and lower risk exposure. The pool provides coverage and protection in the following categories: workers' compensation, automobile liability and physical damage, general liability, public officials' errors and omissions, law enforcement liability, property (which includes inland marine, extra expense and business income) and crime. Automobile liability is written on an occurrence basis and general liability, public officials' errors and omissions, and law enforcement liability are written on a claims made basis.

**13. Risk Management (Continued)**

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 due and payable in the current year, plus all or any portion of any deficiency in capital.

Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current 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 annual contributions to the pool for the year ended June 30, 2015 were \$402,254.

The pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The pool retains general, automobile, public professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk sharing protection provided by the member's risk sharing certificates, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk sharing recoveries unless it is deemed probable that 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 five full years. Subsequent to this initial term, the member may withdraw at the end of the fifth fiscal year of a five year term, only after at least 90 days prior written notice. Withdrawal from the pool does not relieve that member of its pro rata share of the joint liability of other remaining members incurred or accrued at any time before termination. Upon withdrawal, if the member is vested then they are refunded 90 percent of its positive claims fund balance over a five year period, the remaining 10 percent is retained by the pool to cover expenses and administration costs. If the member is not vested, then they will receive 20 percent of the member's positive claims fund balance for each full year of membership. The pool reserves the right to reassess the former member up to the total amount of the returned claims fund payments if claims develop subsequent to membership termination, which have not been calculated in the reserve for incurred but not reported claims.

14. Employee Health Insurance Plan

As of January 1, 2014, the County uses a partially self-funded health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Midwest Benefits, Inc. The agreement is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions to the Chickasaw County health self-funding 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 Midwest Benefits, Inc. from the Chickasaw County health insurance fund. The County records the plan assets and related liabilities of the Chickasaw County health insurance funding as an internal service fund. The County's contribution to the fund for the year ended June 30, 2015 was \$1,074,668.

Amounts payable from the health insurance fund at June 30, 2015 totaled \$0, which is for incurred but unpaid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for catastrophic losses. 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 that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An analysis of claims activity in the internal service fund follows:

The County established a partially self-funded group medical plan, which is on a fiscal year basis. The plan allows the County lower monthly premiums for coverage in exchange for the potential of claims actually filed. If all the covered individuals submitted the maximum claim to be paid by the County, the total would be \$262,000. As of June 30, 2015, \$114,449 in claims had been paid. As of June 30, 2015, the County had a balance of \$206,661 in their self-fund cash account maintained by Employee Benefits Systems to pay for claims.

15. Fund Balance Deficit

As of June 30, 2015, the ambulance fund has a deficit fund balance. The deficit in the ambulance fund is due to timing of payments.

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

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

NOTES TO FINANCIAL STATEMENTS

---

16. Chickasaw County Financial Information Included in the County Social Services Mental Health Region (Continued)

<b>Revenues:</b>		
Property and other county tax		\$ 538,950
<b>Intergovernmental revenues:</b>		
State tax credits	\$ 40,194	
Mental health and disability services transition	None	
Social services block grant	None	
Medicaid	None	
Other intergovernmental revenues	107,057	147,251
 Total revenues		686,201
 <b>Expenditures:</b>		
<b>Services to persons with:</b>		
Mental illness	None	
Intellectual disability	None	None
<b>General administration</b>		
Direct administration	91,060	
Distribution to regional fiscal agent	684,000	775,060
 Total expenditures		775,060
 Excess of expenditures over revenues		(88,859)
 Fund balance, beginning of the year		266,219
 Fund balance, end of the year		\$ 177,360

17. Accounting Change/Restatement

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

	Governmental Activities
Net position June 30, 2014, as previously reported	\$ 26,855,946
Net pension liability at June 30, 2014	(3,069,225)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	366,225
Net position July 1, 2014, as restated	\$ 24,152,946

18. New Governmental Accounting Standards Board (GASB) Standards

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

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

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

19. Subsequent Event

Management has evaluated subsequent events through January 26, 2016, the date on which the financial statements were available to be issued.

**Required Supplementary Information**

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

	Actual/Budget	Budget Amounts		Final to Actual Variance-Positive (Negative)
		Original	Final	
<b>RECEIPTS</b>				
Property and other County tax	\$ 5,816,010	\$ 5,769,136	\$ 5,769,136	\$ 46,874
Interest and penalty on property tax	26,970	3,885	3,885	23,085
Intergovernmental	4,534,140	3,861,397	3,883,697	650,443
Licenses and permits	19,639	8,300	8,300	11,339
Charges for service	1,155,311	570,701	634,301	521,010
Use of money and property	102,108	110,332	110,332	(8,224)
Miscellaneous	213,497	84,950	84,950	128,547
<b>Total receipts</b>	<b>11,867,675</b>	<b>10,408,701</b>	<b>10,494,601</b>	<b>1,373,074</b>
<b>DISBURSEMENTS</b>				
Public safety and legal services	1,945,899	1,983,419	2,062,246	116,347
Physical health and social services	1,394,331	1,656,623	1,662,143	267,812
Mental health	826,148	824,693	826,950	802
County environment and education	682,001	733,949	764,842	82,841
Roads and transportation	4,940,611	4,941,442	4,941,442	831
Governmental services to residents	439,313	473,192	473,192	33,879
Administration	1,457,362	1,489,346	1,563,170	105,808
Non-program	2,026	2,013	2,013	(13)
Capital projects	251,419	188,649	333,315	81,896
<b>Total disbursements</b>	<b>11,939,110</b>	<b>12,293,326</b>	<b>12,629,313</b>	<b>690,203</b>
<b>(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS</b>	<b>(71,435)</b>	<b>(1,884,625)</b>	<b>(2,134,712)</b>	<b>2,063,277</b>
<b>OTHER FINANCING SOURCES, NET</b>	<b>5,696</b>	<b>500</b>	<b>500</b>	<b>5,196</b>
<b>(DEFICIENCY) EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES (UNDER) OVER DISBURSEMENTS AND OTHER FINANCING USES</b>	<b>(65,739)</b>	<b>(1,884,125)</b>	<b>(2,134,212)</b>	<b>2,068,473</b>
<b>BALANCE, beginning of year</b>	<b>6,817,418</b>	<b>5,806,324</b>	<b>6,817,417</b>	<b>1</b>
<b>BALANCE, end of year</b>	<b>\$ 6,751,679</b>	<b>\$ 3,922,199</b>	<b>\$ 4,683,205</b>	<b>\$ 2,068,474</b>

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

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

---

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 11,867,675	\$ (9,405)	\$ 11,858,270
Expenditures	11,939,110	218,065	12,157,175
Net	(71,435)	(227,470)	(298,905)
Other financing sources, net	5,696	-	5,696
Beginning fund balance	6,817,418	1,152,887	7,970,305
Ending fund balance	\$ 6,751,679	\$ 925,417	\$ 7,677,096

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

CHICKASAW COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2015

---

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These 10 functions are:

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

Function disbursements required to be budgeted include disbursements for the general fund, the special revenue fund, the debt service fund and the capital projects fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted revenues by \$85,900 and increased budgeted disbursements by \$335,987. The budget amendment is reflected in the final budgeted amount.

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 in the non-program function exceeded the amounts budgeted.

See Independent Auditor's Report.

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

---

	2015
County's collective proportion of the net pension liability (asset)	0.0502389%
County's collective proportionate share of the net pension liability (asset)	1,992
County's covered-employee payroll	4,028
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	49.45%
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.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 375	\$ 366	\$ 344	\$ 326	\$ 276	\$ 254	\$ 224	\$ 207	\$ 197	\$ 190
Contributions in relation to the statutorily required contribution	(375)	(366)	(344)	(326)	(276)	(254)	(224)	(207)	(197)	(190)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 4,124	\$ 4,028	\$ 3,873	\$ 3,887	\$ 3,754	\$ 3,011	\$ 2,941	\$ 2,824	\$ 2,894	\$ 2,688
Contributions as a percentage of covered-employee payroll	9.09%	9.09%	8.88%	8.39%	7.35%	8.44%	7.62%	7.33%	6.81%	7.07%

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

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

---

Changes of Benefit Terms

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

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

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

Changes of Assumptions

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

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

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

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

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

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

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

See Independent Auditor's Report.

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

Fiscal Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 526	\$ 526	0.0%	\$ 3,378	15.6%
2011	July 1, 2009	-	\$ 526	\$ 526	0.0%	\$ 3,403	15.5%
2012	July 1, 2009	-	\$ 526	\$ 526	0.0%	\$ 3,583	14.7%
2013	July 1, 2012	-	\$ 486	\$ 486	0.0%	\$ 3,669	13.2%
2014	July 1, 2012	-	\$ 440	\$ 440	0.0%	\$ 4,060	10.8%
2015	July 1, 2012	-	\$ 440	\$ 440	0.0%	\$ 3,836	11.5%

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.

**Other Supplementary Information**

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

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and pooled investments	\$ 897,049	\$ 253,530	\$ 1,150,579
Receivables			
Accounts	233		233
Accrued interest	306		306
Due from other governments	12,421		12,421
	<u>910,009</u>	<u>253,530</u>	<u>1,163,539</u>
<b>Total assets</b>	<b>\$ 910,009</b>	<b>\$ 253,530</b>	<b>\$ 1,163,539</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,676		\$ 1,676
Due to other governments	25,000		25,000
	<u>26,676</u>	<u>\$ -</u>	<u>26,676</u>
<b>Total liabilities</b>	<b>26,676</b>	<b>\$ -</b>	<b>26,676</b>
<b>Fund balances</b>			
Restricted for:			
REAP grant	48,412		48,412
Landfill	508,889		508,889
Capital projects		253,530	253,530
Other purposes	351,032		351,032
Unassigned	(25,000)		(25,000)
	<u>883,333</u>	<u>253,530</u>	<u>1,136,863</u>
<b>Total fund balances</b>	<b>883,333</b>	<b>253,530</b>	<b>1,136,863</b>
	<u>\$ 910,009</u>	<u>\$ 253,530</u>	<u>\$ 1,163,539</u>
<b>Total liabilities and fund balances</b>	<b>\$ 910,009</b>	<b>\$ 253,530</b>	<b>\$ 1,163,539</b>

See Independent Auditor's Report.

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

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Property and other County tax	\$ 16,468		\$ 16,468
Local option sales tax	72,530		72,530
Intergovernmental	13,525		13,525
Charges for service	2,679		2,679
Use of money and property	3,696		3,696
Miscellaneous		\$ 30,092	30,092
<b>Total revenues</b>	<b>108,898</b>	<b>30,092</b>	<b>138,990</b>
<b>EXPENDITURES</b>			
Operating			
Public safety and legal services	25,000		25,000
County environment and education	90,723		90,723
Governmental services to residents	2,194		2,194
Capital projects		5,000	5,000
<b>Total expenditures</b>	<b>117,917</b>	<b>5,000</b>	<b>122,917</b>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	<b>(9,019)</b>	<b>25,092</b>	<b>16,073</b>
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	32,500		32,500
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>23,481</b>	<b>25,092</b>	<b>48,573</b>
<b>FUND BALANCES, beginning of year</b>	<b>859,852</b>	<b>228,438</b>	<b>1,088,290</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 883,333</b>	<b>\$ 253,530</b>	<b>\$ 1,136,863</b>

**This Page Intentionally Left Blank**

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

	<u>REAP</u>	<u>Recorder's Records Management</u>	<u>County Betterment</u>	<u>Economic Development</u>
<b>ASSETS</b>				
Cash and pooled investments	\$ 48,410	\$ 5,738	\$ 182,361	\$ 120,725
Receivables				
Accounts		233		
Accrued interest	2	1		
Due from other governments			11,246	
	<u>48,412</u>	<u>5,972</u>	<u>193,607</u>	<u>120,725</u>
<b>Total assets</b>	<b><u>\$ 48,412</u></b>	<b><u>\$ 5,972</u></b>	<b><u>\$ 193,607</u></b>	<b><u>\$ 120,725</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable				
Due to other governments				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Fund balances</b>				
Restricted for:				
REAP grant	48,412			
Landfill				
Other purposes		5,972	193,607	120,725
Unassigned				
	<u>48,412</u>	<u>5,972</u>	<u>193,607</u>	<u>120,725</u>
<b>Total fund balances</b>	<b><u>48,412</u></b>	<b><u>5,972</u></b>	<b><u>193,607</u></b>	<b><u>120,725</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 48,412</u></b>	<b><u>\$ 5,972</u></b>	<b><u>\$ 193,607</u></b>	<b><u>\$ 120,725</u></b>

See Independent Auditor's Report.

SCHEDULE 3

<u>Ambulance</u>	<u>Tourism</u>	<u>Landfill Postclosure Costs</u>	<u>Total Special Revenue</u>
	\$ 30,699	\$ 509,116	\$ 897,049
		303	233
	1,175		306
			12,421
<u>\$ -</u>	<u>\$ 31,874</u>	<u>\$ 509,419</u>	<u>\$ 910,009</u>
	\$ 1,146	\$ 530	\$ 1,676
<u>\$ 25,000</u>			<u>25,000</u>
<u>25,000</u>	<u>1,146</u>	<u>530</u>	<u>26,676</u>
			48,412
		508,889	508,889
	30,728		351,032
<u>(25,000)</u>			<u>(25,000)</u>
<u>(25,000)</u>	<u>30,728</u>	<u>508,889</u>	<u>883,333</u>
<u>\$ -</u>	<u>\$ 31,874</u>	<u>\$ 509,419</u>	<u>\$ 910,009</u>

**This Page Intentionally Left Blank**

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

	REAP	Recorder's Records Management	County Betterment	Economic Development
<b>REVENUES</b>				
Property and other County tax				
Local option sales tax			\$ 72,530	
Intergovernmental	\$ 13,525			
Charges for service		\$ 2,179		\$ 500
Use of money and property	22	17		
<b>Total revenues</b>	<u>13,547</u>	<u>2,196</u>	<u>72,530</u>	<u>500</u>
<b>EXPENDITURES</b>				
Operating				
Public safety and legal services				
County environment and education			54,993	1,931
Governmental services to residents		2,194		
<b>Total expenditures</b>	<u>-</u>	<u>2,194</u>	<u>54,993</u>	<u>1,931</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,547</u>	<u>2</u>	<u>17,537</u>	<u>(1,431)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>13,547</u>	<u>2</u>	<u>17,537</u>	<u>(1,431)</u>
<b>FUND BALANCES, beginning of year</b>	<u>34,865</u>	<u>5,970</u>	<u>176,070</u>	<u>122,156</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 48,412</u>	<u>\$ 5,972</u>	<u>\$ 193,607</u>	<u>\$ 120,725</u>

See Independent Auditor's Report.

SCHEDULE 4

<u>Ambulance</u>	<u>Tourism</u>	<u>Landfill Postclosure Costs</u>	<u>Total Special Revenue</u>
	\$ 16,468		\$ 16,468
			72,530
			13,525
			2,679
		\$ 3,657	3,696
<u>\$ -</u>	<u>16,468</u>	<u>3,657</u>	<u>108,898</u>
25,000			25,000
	12,249	21,550	90,723
			2,194
<u>25,000</u>	<u>12,249</u>	<u>21,550</u>	<u>117,917</u>
<u>(25,000)</u>	<u>4,219</u>	<u>(17,893)</u>	<u>(9,019)</u>
<u>25,000</u>	<u>7,500</u>		<u>32,500</u>
-	11,719	(17,893)	23,481
<u>(25,000)</u>	<u>19,009</u>	<u>526,782</u>	<u>859,852</u>
<u>\$ (25,000)</u>	<u>\$ 30,728</u>	<u>\$ 508,889</u>	<u>\$ 883,333</u>

**This Page Intentionally Left Blank**

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

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>ASSETS</b>				
Cash and pooled investments				
County Treasurer		\$ 2,231	\$ 231,095	\$ 87,265
Other County Officials	\$ 46,300			
Receivables				
Property tax				
Delinquent		637	1,193	24,467
Succeeding year		52,338	366,276	8,107,049
Accounts				
Accrued interest			47	
Due from other governments				
Prepaid insurance			3,922	
	<u>\$ 46,300</u>	<u>\$ 55,206</u>	<u>\$ 602,533</u>	<u>\$ 8,218,781</u>
<b>LIABILITIES</b>				
Accounts payable			\$ 155	
Salaries and benefits payable			2,254	
Due to other governments	\$ 15,787	\$ 2,231	232,655	\$ 87,265
Trusts payable	30,513			
Unavailable property tax revenue		52,975	367,469	8,131,516
Other				
	<u>\$ 46,300</u>	<u>\$ 55,206</u>	<u>\$ 602,533</u>	<u>\$ 8,218,781</u>

See Independent Auditor's Report.

SCHEDULE 5

<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessment</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
\$ 7,043	\$ 17,990	\$ 2,410	\$ 68	\$ 309,348	\$ 508,839	\$ 1,166,289 46,300
2,056	13,187	692				42,232
671,409	2,575,595	192,082	11,323		49,667	12,025,739
					294	294
					26	73
					43,627	43,627
					2,250	6,172
<u>\$ 680,508</u>	<u>\$ 2,606,772</u>	<u>\$ 195,184</u>	<u>\$ 11,391</u>	<u>\$ 309,348</u>	<u>\$ 604,703</u>	<u>\$ 13,330,726</u>
					\$ 17,253	\$ 17,408
\$ 7,043	\$ 17,990	\$ 2,410	\$ 68	\$ 309,348	2,747	5,001
					491,409	1,166,206
673,465	2,588,782	192,774	11,323			30,513
					49,667	12,067,971
					43,627	43,627
<u>\$ 680,508</u>	<u>\$ 2,606,772</u>	<u>\$ 195,184</u>	<u>\$ 11,391</u>	<u>\$ 309,348</u>	<u>\$ 604,703</u>	<u>\$ 13,330,726</u>

**This Page Intentionally Left Blank**

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

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>ASSETS AND LIABILITIES</b>				
Balances, beginning of year	\$ 42,112	\$ 198,715	\$ 568,281	\$ 8,227,568
<b>Additions</b>				
Property tax		40,165	357,888	7,374,819
E911 surcharge				
State tax credits		21,974	26,690	549,458
Office fees and collections	271,781		275	
Auto licenses, use tax and postage				
Trusts	160,244			
Miscellaneous	101,996		547	
<b>Total additions</b>	<b>534,021</b>	<b>62,139</b>	<b>385,400</b>	<b>7,924,277</b>
<b>Deductions</b>				
Agency remittances				
To other funds	114,442			
To other governments	153,151	205,648	351,148	7,933,064
Miscellaneous	101,996			
Trusts paid out	160,244			
<b>Total deductions</b>	<b>529,833</b>	<b>205,648</b>	<b>351,148</b>	<b>7,933,064</b>
Balances, end of year	<u>\$ 46,300</u>	<u>\$ 55,206</u>	<u>\$ 602,533</u>	<u>\$ 8,218,781</u>

See Independent Auditor's Report.

SCHEDULE 6

<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessment</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
<u>\$ 680,935</u>	<u>\$ 2,613,060</u>	<u>\$ 195,207</u>	<u>\$ 11,652</u>	<u>\$ 321,933</u>	<u>\$ 524,903</u>	<u>\$ 13,384,366</u>
613,066	2,370,778	174,376	2,727		430,407	11,364,226
45,692	263,653	11,000			234,426	234,426
					25,348	943,815
					293,079	565,135
				4,825,436		4,825,436
						160,244
					221,765	324,308
<u>658,758</u>	<u>2,634,431</u>	<u>185,376</u>	<u>2,727</u>	<u>4,825,436</u>	<u>1,205,025</u>	<u>18,417,590</u>
659,185	2,640,719	185,399		71,108		185,550
				4,766,913	1,065,380	17,960,607
			2,988		59,845	164,829
						160,244
<u>659,185</u>	<u>2,640,719</u>	<u>185,399</u>	<u>2,988</u>	<u>4,838,021</u>	<u>1,125,225</u>	<u>18,471,230</u>
<u>\$ 680,508</u>	<u>\$ 2,606,772</u>	<u>\$ 195,184</u>	<u>\$ 11,391</u>	<u>\$ 309,348</u>	<u>\$ 604,703</u>	<u>\$ 13,330,726</u>

**This Page Intentionally Left Blank**

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

	Modified Accrual			
	2015	2014	2013	2012
<b>REVENUES</b>				
Property and other County tax	\$ 5,101,686	\$ 5,152,765	\$ 4,217,734	\$ 4,181,641
Local option sales tax	725,287	605,166	597,359	651,622
Interest and penalty on property tax	32,579	27,319	23,279	26,836
Intergovernmental	4,528,661	4,277,651	4,197,677	4,649,596
Licenses and permits	18,436	17,319	16,954	17,822
Charges for service	1,130,493	1,160,899	1,008,065	1,308,426
Use of money and property	70,844	132,194	129,289	126,804
Miscellaneous	250,284	203,356	188,247	188,405
<b>Total revenues</b>	<b>\$ 11,858,270</b>	<b>\$ 11,576,669</b>	<b>\$ 10,378,604</b>	<b>\$ 11,151,152</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety and legal services	\$ 1,917,371	\$ 1,609,925	\$ 1,517,186	\$ 1,368,905
Physical health and social services	1,410,731	1,411,998	1,392,454	1,238,753
Mental health	775,060	496,960	773,331	1,267,928
County environment and education	692,056	577,079	530,822	538,901
Roads and transportation	5,169,828	4,171,555	4,266,309	4,613,869
Governmental services to residents	416,291	481,327	679,124	332,623
Administration	1,423,842	1,406,241	1,375,678	1,379,868
Non-program	4,526	161,203	2,013	2,022
Capital projects	110,524	128,762	623,961	510,377
<b>Total expenditures</b>	<b>\$ 11,920,229</b>	<b>\$ 10,445,050</b>	<b>\$ 11,160,878</b>	<b>\$ 11,253,246</b>

See Independent Auditor's Report.

Modified Accrual					
2011	2010	2009	2008	2007	2006
\$ 3,968,101	\$ 3,969,501	\$ 3,918,998	\$ 3,617,898	\$ 3,541,239	\$ 3,977,411
611,641	536,539	645,155	635,468	633,591	490,913
30,306	27,705	25,694	26,881	28,360	24,732
4,611,574	4,288,108	5,433,764	4,121,929	4,411,154	4,065,174
13,844	36,460	13,025	13,043	14,791	15,201
874,227	899,135	867,848	792,280	637,096	653,626
148,427	274,230	188,421	299,578	363,080	244,136
185,010	219,724	234,214	121,828	278,898	148,077
<u>\$ 10,443,130</u>	<u>\$ 10,251,402</u>	<u>\$ 11,327,119</u>	<u>\$ 9,628,905</u>	<u>\$ 9,908,209</u>	<u>\$ 9,619,270</u>
\$ 1,428,216	\$ 1,368,322	\$ 1,299,654	\$ 1,243,205	\$ 1,178,065	\$ 1,155,863
1,202,121	1,333,575	1,276,889	1,212,382	1,172,291	1,078,649
1,056,831	980,503	1,025,410	1,193,450	1,171,598	994,267
496,085	488,552	656,404	549,175	408,617	628,992
4,586,521	4,085,263	4,208,117	4,161,107	3,531,863	3,337,844
331,642	394,067	387,689	365,589	337,670	497,853
1,253,406	1,044,423	887,979	777,028	960,981	861,831
2,024		4,664			
306,314	196,445	226,493	604,555	1,012,022	671,495
<u>\$ 10,663,160</u>	<u>\$ 9,891,150</u>	<u>\$ 9,973,299</u>	<u>\$ 10,106,491</u>	<u>\$ 9,773,107</u>	<u>\$ 9,226,794</u>

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

To the Board of Supervisors  
Chickasaw County  
New Hampton, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Chickasaw County's basic financial statements and have issued our report thereon dated January 26, 2016.

Internal Control over Financial Reporting

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

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

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

### Overlapping Duties

The County's offices are not large enough to permit an adequate segregation of duties for effective internal controls. The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

### Criteria

A properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

### Recommendation

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

### Response and Corrective Action Planned

Management is cognizant of this limitation and will implement additional procedures whenever possible.

### Conclusion

Response acknowledged.

### Compliance and Other Matters

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

### Chickasaw County's Response to Finding

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

### Purpose of this Report

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

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
January 26, 2016

## MANAGEMENT LETTER

To the Board of Supervisors  
Chickasaw County  
New Hampton, Iowa

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

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 11 below are compliance comments required by the Iowa Auditor of State. A separate report dated January 26, 2016, contains our report on the County's internal control over financial reporting. This letter does not affect our report dated January 26, 2016 on the basic financial statements of Chickasaw County. Comment 12 is an unresolved comment from the prior year. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

1. Certified Budget

The County exceeded the amounts budgeted in the non-program function.

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

Future budgets will be amended in sufficient amounts to ensure that the budget is not exceeded.

Conclusion

Response accepted.

2. Questionable Expenditures

We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

3. Travel Expense

No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

4. Business Transactions

We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2015.

5. Bond Coverage

Surety bond coverage of County officials and employees is in accordance with statutory provisions.

6. Board Minutes

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

7. Deposits and Investments

The depository resolution at State Bank approved by the Board was exceeded in March 2015.

Recommendation

We recommend the Treasurer's office monitor the balances in their bank accounts to make sure it does not exceed the depository resolutions set by the Board of Supervisors.

Response

On October 12, 2015, the Board of Supervisors approved a \$7,000,000 depository resolution for State Bank.

Conclusion

Response accepted.

8. Resource Enhancement and Protection Certification

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

9. County Extension Office

The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A through D.

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

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

10. Financial Assurance

The County is required to demonstrate financial assurance for postclosure care costs for the landfill. The County has chosen local government dedicated fund as provided in Chapter 567-111.6(8) of the Iowa Administrative Code. The County is in compliance with the Code.

11. Tax Increment Financing (TIF)

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

12. Court Debt

The County Attorney has not started collecting court debt according to Chapter 602.8107 of the Code of Iowa.

Recommendation

We recommend the County Attorney start collecting fees to be in compliance with the Code of Iowa.

Response

The County Attorney has discussed with the Board of Supervisors, and they are working on starting to collect court debt according to the Code of Iowa.

Conclusion

Response accepted.

13. Mental Health Codes

Disbursements to the MHDS regional agent were not coded to account #4413.

Recommendation

We recommend the County code all disbursements to the MHDS regional agent to account #4413.

Response

We have made this correction and have started using account #4413 for FY16.

Conclusion

Response accepted.

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

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

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

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
January 26, 2016