FAYETTE COUNTY
West Union, Iowa

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

June 30, 2015

FAYETTE COUNTY
West Union, Iowa

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FAYETTE COUNTY
West Union, Iowa

OFFICIALS

(Before January 2015)

Name	Title	Term Expires
Darrell Dolf	Board of Supervisors	January 2015
Jeanine Tellin	Board of Supervisors	January 2015
Vicki Rowland	Board of Supervisors	January 2017
Lori Moellers	Auditor	January 2017
Kyle Jacobsen	Treasurer	January 2015
Karen Ford	Recorder	January 2015
Marty Fisher	Sheriff	January 2017
W. Wayne Saur	Attorney	January 2015
Ali Manson	Assessor	Appointed

(After January 2015)

Vicki Rowland	Board of Supervisors	January 2017
Darrell Dolf	Board of Supervisors	January 2019
Jeanine Tellin	Board of Supervisors	January 2019
Lori Moellers	County Auditor	January 2017
Kyle Jacobsen	County Treasurer	January 2019
Karen Ford	County Recorder	January 2019
Marty Fisher	County Sheriff	January 2017
W. Wayne Saur	County Attorney	January 2019
Ali Manson	County Assessor	Appointed

Gardiner Thomsen
Certified Public Accountants

Independent Auditor's Report

To the Officials of Fayette County
West Union, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fayette County, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fayette County, Iowa 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 accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Fayette 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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 - 12 and 51 - 59 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fayette County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

Other Matters (Continued)

Supplementary Information (Continued)

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of Fayette County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Fayette County, Iowa's internal control over financial reporting and compliance.

Gardiner Thomsen, P.C.

Charles City, Iowa

March 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 10.22% or approximately $1,577,708 from 2014 to 2015. Property taxes increased approximately $67,549 and operating grants, contributions and restricted interest increased approximately $744,814. Capital grants contributions and restricted interest increased approximately $525,135.

- County program expenses were 7.25% or approximately $1,061,268 more in 2015 than in 2014. Mental Health expense increased approximately $186,169. Roads and Transportation expense increased $982,509.

- The County's net position increased 2.96% or approximately $1,328,217 from June 30, 2014 to June 30, 2015.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

Reporting the County's Financial Activities

Government–wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT–WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Fayette County's combined net position was changed, increasing from $44,881,123 to $46,209,340. The analysis below focuses on net position and changes in net position of government activities.

Net Position of Governmental Activities

	(Expressed in Thousands) June 30, 2015	2014 (Not Restated)
Current and Other Assets	$16,000	$14,399
Capital Assets	43,267	42,667
Total Assets	59,267	57,066
Deferred Outflows of Resources	571	0
Long–Term Debt Outstanding	4,309	1,204
Other Liabilities	704	386
Total Liabilities	5,013	1,590
Deferred Inflows of Resources	8,616	7,138
Net Position:		
Net Investment in Capital Assets	42,189	42,346
Restricted	5,908	4,954
Unrestricted	(1,888)	1,038
Total Net Position	$46,209	$48,338

GOVERNMENT–WIDE FINANCIAL ANALYSIS (CONTINUED)

Net position of the County's governmental activities increased by approximately 2.96%, $46,209,340 compared to $44,881,123. The largest portion of the County's net position is invested in capital assets (infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources 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 from $1,037,811 at June 30, 2014 to $(1,888,318) at June 30, 2015.

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 $3,456,596 to retroactively report the net pension liability as of June 30, 2013 and deferred outlaws 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 inflow 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) Year Ended June 30,	
	2015	2014 (Not Restated)
Program Revenues:		
Charges for Service	$ 1,933	$ 2,048
Operating Grants and Contributions	5,289	4,544
Capital Grants and Contributions	539	14
General Revenues:		
Property Tax	7,242	7,175
Penalty and Interest on Property Tax	100	65
State Tax Credits	587	465
Local Option Sales Tax	735	707
Unrestricted Investment Earnings	22	22
Other General Revenues	574	403
Total Revenues	17,021	15,443

GOVERNMENT–WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Position of Governmental Activities (Continued)

	Year ended June 30, 2015	2014 (Not Restated)
Program Expenses:		
Public Safety and Legal Services	$ 3,529	$ 3,415
Physical Health and Social Services	401	446
Mental Health	1,352	1,166
County Environment and Education	1,450	1,437
Roads and Transportation	6,696	5,713
Governmental Services to Residents	558	574
Administration	1,359	1,248
Non–Program	333	631
Interest on Long–Term Debt	15	1
Total Expenses	15,693	14,631
Increase in Net Position	1,328	812
Net Position Beginning of Year, as Restated	44,881	47,526
Net Position End of Year	$46,209	$48,338

The County's revenue increased approximately 10.22%, or $1,577,708. The total cost of programs and services increased 7.25%, or $1,061,268, with no new programs added this year. The cost of all governmental activities was approximately $15,692,243 compared to $14,630,975 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was $7,930,994 because some of the cost was paid by those directly benefited from the programs ($1,933,395) or by other governments and organizations which subsidized certain programs with grants and contributions ($5,827,854). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal 2015 from approximately $6,606,140 to $7,761,249.

Governmental Activities

Fayette County increased the property tax dollars levied for 2015 by 1.80%. This was an increase of $134,674. Despite this tax increase, the ending balance was estimated to be less than 2014 due to expectations of revenues remaining at the lower level in 2015. The projected fund balance to expenditure ratio at the end of the year is considerably more than the last few years yet it still remains a concern.

Property taxes were increased in the General Basic Fund by $64,189; the General Supplemental Fund by $39,099; the MHDD Fund by $807; and the Rural Services Fund by $32,193 all to cover miscellaneous items.

THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As Fayette County completed the year, its governmental funds reported a combined fund balance of $7,379,770, an increase of $952,627 above last year's total of $6,427,143. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The ending fund balance of the General Fund increased by $358,311 from 2014 to 2015. This increase in balance was due to an increase in property tax, intergovernmental revenue and changes for service.

The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled $1,360,038, an increase of 17.86% from the prior year. The Mental Health Fund balance at year end decreased $216,715 over the prior year.

The Rural Services Fund balance increased $180,286 from a year ago to $826,552. This was due to a slight increase of property tax and local option sales tax revenue and slightly higher expenditures.

The Secondary Road Fund ended the 2015 year with a balance of $2,826,868. This is higher than the $2,217,304 balance one year ago, due to an increase in intergovernmental revenues.

BUDGETARY HIGHLIGHTS

In accordance with the State of Iowa, the County annually adopts a budget following required public notice and hearing for all funds, except blended component units, internal service funds and agency funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The County's certified budget is prepared on the cash basis.

Over the course of the year, Fayette County amended its budget two times. These amendments resulted in an increase in budgeted revenue of $601,514 and an increase in budgeted expenditures of $618,165.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the County had $71,488,976 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) or approximately $1,457,600 or 2.08% over last year.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets of Governmental Activities at Year End

	(Expressed in Thousands) June 30, 2015	2014
Land	$ 2,258	$ 2,258
Buildings	4,574	4,574
Equipment	10,352	9,623
Construction in Progress	2,315	4,802
Infrastructure	51,990	48,774
Total	$71,489	$70,031

This year's major additions include	
Secondary Road Equipment	$1,481
Sheriff Equipment	135
Infrastructure	3,216
	$4,832

The County had depreciation expense of $1,762,435 for the year ended June 30, 2015 and total accumulated depreciation as of June 30, 2015 of $28,222,329.

The County's fiscal year 2015 capital project budget totaled $424,450 principally for the continued upgrading of secondary roads and bridges and various conservation projects. The County has no plans to issue additional debt to finance these projects. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015, the County had $1,496,659 in bonds and other debt, compared to $774,002 in bonds and other debt last year, as shown below.

Outstanding Debt of Governmental Activities at Year End

	(Expressed in Thousands) June 30, 2015	2014
General Obligation Bonds	$ 0	$ 1
Capital Lease Purchase Agreements	846	0
Installment Purchase Agreement	231	320
Compensated Absences	419	453
	$1,496	$774

Debt increased as a result of the County entering into a capital lease purchase agreement for purchase of Secondary Roads equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Outstanding Debt of Governmental Activities at Year End (Continued)

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue up to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this $87.2 million limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the County's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County begins the 2016 fiscal year with an actual fund balance to budgeted expenditures ratio of 18.15%. This is less than last year. The General Basic Fund continues to be a concern considering the low fund balance. This year the General Supplemental Fund was reduced and the Debt Service Fund was increased to keep tax levies at the same level. The Debt Service Fund was established this year to pay the money borrowed for Courthouse repairs.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, 114 N. Vine St., West Union, IA.

Exhibit A

FAYETTE COUNTY
West Union, Iowa

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Cash, Cash Equivalents and Pooled Investments	$ 6,293,952
Receivables:	
Property Tax:	
Delinquent	12,704
Succeeding Year	7,242,102
Interest and Penalty on Property Tax	42
Accounts	164,591
Accrued Interest	1,597
Due From Other Governments	634,441
Inventories	1,650,527
Capital Assets (Net of Accumulated Depreciation)	43,266,647
TOTAL ASSETS	59,266,603
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferred Outflows	570,960
LIABILITIES	
Accounts Payable	356,105
Accrued Interest Payable	15,053
Salaries and Benefits Payable	174,443
Advances from Grantors	144,229
Due To Other Governments	13,470
Long–Term Liabilities:	
Portion Due or Payable Within One Year:	
Capital Lease Purchase Agreement	175,974
Compensated Absences	419,427
Portion Due or Payable After One Year:	
Capital Lease Purchase Agreement	669,853
Installment Purchase Agreement	231,405
Net Pension Liability	2,308,329
Net OPEB Liability	504,412
TOTAL LIABILITIES	5,012,700
DEFERRED INFLOWS OF RESOURCES	
Unavailable Property Tax Revenue	7,242,102
Pension Related Deferred Inflows	1,373,421
TOTAL DEFERRED INFLOWS OF RESOURCES	8,615,523
NET POSITION	
Net Investment in Capital Assets	42,189,415
Restricted For:	
Supplemental Levy Purposes	1,569,873
Mental Health Purposes	364,041
Rural Services Purposes	828,237
Secondary Roads Purposes	2,718,384
Other Purposes	427,708
Unrestricted	(1,888,318)
TOTAL NET POSITION	$46,209,340

See Notes To Financial Statements

FAYETTE COUNTY
West Union, Iowa

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	Expenses
FUNCTIONS/PROGRAMS:	
Governmental Activities:	
Public Safety and Legal Services	$ 3,528,706
Physical Health and Social Services	400,766
Mental Health	1,352,316
County Environment and Education	1,449,957
Roads and Transportation	6,695,558
Governmental Services to Residents	558,317
Administration	1,358,942
Non–Program	332,628
Interest on Long–Term Debt	15,053
TOTAL	$15,692,243

GENERAL REVENUES:
Property and Other County Tax Levied For:
General Purposes
Penalty and Interest on Property Tax
State Tax Credits
Local Option Sales Tax
Unrestricted Investment Earnings
Miscellaneous
Gain on Disposal of Assets
TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION BEGINNING OF YEAR, AS RESTATED

NET POSITION END OF YEAR

See Notes To Financial Statements

Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
$ 860,359	$ 21,963	$ 12,000	$ (2,634,384)
10,556	147,368	0	(242,842)
208,175	700	0	(1,143,441)
94,405	353,310	38,860	(963,382)
25,864	4,666,235	487,959	(1,515,500)
352,548	0	0	(205,769)
10,794	134	0	(1,348,014)
370,694	99,325	0	137,391
0	0	0	(15,053)
$1,933,395	$5,289,035	$538,819	(7,930,994)
			7,241,854
			99,880
			586,947
			734,501
			21,768
			556,847
			17,414
			9,259,211
			1,328,217
			44,881,123
			$46,209,340

FAYETTE COUNTY
West Union, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
ASSETS			
Cash, Cash Equivalents and Pooled Investments	$3,097,051	$ 312,633	$ 701,746
Receivables:			
Property Tax:			
Delinquent	9,557	1,462	1,685
Succeeding Year	4,317,300	690,524	1,802,705
Interest and Penalty on Property Tax	42	0	0
Accounts	47,083	0	24,324
Accrued Interest	1,530	0	0
Due From Other Governments	71,348	72,264	117,517
Inventories	0	0	0
TOTAL ASSETS	$7,543,911	$1,076,883	$2,647,977
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 62,030	$ 1,608	$ 5,010
Salaries and Benefits Payable	97,628	7,732	12,025
Advances from Grantors	0	0	0
Due To Other Governments	467	12,978	0
Compensated Absences	331	0	0
Total Liabilities	160,456	22,318	17,035
Deferred Inflows of Resources:			
Unavailable Revenues:			
Succeeding Year Property Tax	4,317,300	690,524	1,802,705
Other	9,034	1,383	1,685
Total Deferred Inflows of Resources	4,326,334	691,907	1,804,390
Fund Balances:			
Nonspendable:			
Inventories	0	0	0
Restricted For:			
Supplemental Levy Purposes	1,566,457	0	0
Mental Health Purposes	0	362,658	0
Rural Services Purposes	0	0	826,552
Secondary Roads Purposes	0	0	0
Drainage Purposes	0	0	0
Conservation Land Acquisition	107,998	0	0
Other Purposes	0	0	0
Assigned for Sheriff	83,642	0	0
Unassigned	1,299,024	0	0
Total Fund Balances	3,057,121	362,658	826,552
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$7,543,911	$1,076,883	$2,647,977

See Notes to Financial Statements

Special Revenue Secondary Roads	Nonmajor	Total
$1,233,457	$308,039	$ 5,652,926
0	0	12,704
0	431,573	7,242,102
0	0	42
79,652	13,452	164,511
0	67	1,597
372,912	400	634,441
1,650,527	0	1,650,527
$3,336,548	$753,531	$15,358,850
$ 228,741	$ 2,223	$ 299,612
57,058	0	174,443
144,229	0	144,229
0	25	13,470
0	0	331
430,028	2,248	632,085
0	431,573	7,242,102
79,652	13,139	104,893
79,652	444,712	7,346,995
1,650,527	0	1,650,527
0	0	1,566,457
0	0	362,658
0	0	826,552
1,176,341	0	1,176,341
0	6,336	6,336
0	0	107,998
0	300,235	300,235
0	0	83,642
0	0	1,299,024
2,826,868	306,571	7,379,770
$3,336,548	$753,531	$15,358,850

FAYETTE COUNTY
West Union, Iowa

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015

Total Governmental Fund Balances (Page 17)		$ 7,379,770
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is $71,488,976 and the accumulated depreciation is $28,222,329.		43,266,647
Other long–term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		104,893
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		584,613
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	$ 570,960	
Deferred Inflows of Resources	(1,373,421)	(802,461)
Long–term liabilities, including bonds payable, capital lease purchase agreements, compensated absences payable, postemployment benefits payable, net pension liability and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds.		(4,324,122)
Net Position of Governmental Activities (Page 13)		$46,209,340

See Notes to Financial Statements

FAYETTE COUNTY
West Union, Iowa

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

		Special Revenue	
	General	Mental Health	Rural Services
REVENUES:			
Property and Other County Tax	$4,699,736	$ 719,333	$ 1,837,326
Local Option Sales Tax	0	0	734,501
Interest and Penalty on Property Tax	99,880	0	0
Intergovernmental	701,187	270,580	405,057
Licenses and Permits	10,556	0	4,950
Charges for Service	1,164,049	206	5,438
Use of Money and Property	117,325	0	0
Miscellaneous	267,128	153,204	12,975
Total Revenues	7,059,861	1,143,323	3,000,247
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	3,676,981	0	0
Physical Health and Social Services	404,141	0	0
Mental Health	0	1,360,038	0
County Environment and Education	637,496	0	798,921
Roads and Transportation	0	0	264,053
Governmental Services to Residents	574,557	0	3,479
Administration	1,129,342	0	0
Non–Program	198,520	0	0
Capital Projects	40,114	0	0
Total Expenditures	6,661,151	1,360,038	1,066,453
Excess (Deficiency) of Revenues Over (Under) Expenditures	398,710	(216,715)	1,933,794
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	0
Transfers In	0	0	0
Transfers Out	(81,800)	0	(1,753,508)
General Obligation Bonds Issued	41,401	0	0
Proceeds from Capital Lease Purchase Agreement	0	0	0
Total Other Financing Sources (Uses)	(40,399)	0	(1,753,508)
Change in Fund Balances	358,311	(216,715)	180,286
Fund Balances Beginning of Year	2,698,810	579,373	646,266
Increase in Reserve for Inventories	0	0	0
Fund Balances End of Year	$3,057,121	$ 362,658	$ 826,552

See Notes To Financial Statements

Special Revenue Secondary Roads	Nonmajor	Total
$ 0	$ 0	$ 7,256,395
0	0	734,501
0	0	99,880
4,664,229	50,263	6,091,316
11,170	0	26,676
1,434	38,759	1,209,886
0	857	118,182
61,566	9,487	504,360
4,738,399	99,366	16,041,196
0	9,848	3,686,829
0	0	404,141
0	0	1,360,038
0	58,979	1,495,396
6,855,997	0	7,120,050
0	2,201	580,237
257,517	0	1,386,859
0	0	198,520
127,285	7,157	174,556
7,240,799	78,185	16,406,626
(2,502,400)	21,181	(365,430)
19,914	0	19,914
1,835,308	0	1,835,308
0	0	(1,835,308)
0	0	41,401
1,041,050	0	1,041,050
2,896,272	0	1,102,365
393,872	21,181	736,935
2,217,304	285,390	6,427,143
215,692	0	215,692
$ 2,826,868	$306,571	$ 7,379,770

FAYETTE COUNTY
West Union, Iowa

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Change in Fund Balances - Total Governmental Funds (Page 20)		$ 736,935
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:		
Expenditures for Capital Assets	$ 1,876,947	
Contributions from Others	487,959	
Depreciation Expense	(1,762,435)	602,471
In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.		(2,500)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds as follows:		
Property Tax	(14,539)	
Other	65,743	51,204
Proceeds from issuing long–term liabilities provide current financial resources to governmental funds, but issuing debt increases long–term liabilities in the Statement of Net Position. Repayment of long–term liabilities is an expenditure in the governmental funds, but the repayment reduces long–term liabilities in the Statement of Net Position. Current year issuances exceeded repayments as follows:		
Issued	(1,082,451)	
Repaid	326,083	(756,368)
The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are not reported as a deferred outflow of resources in the Statement of Net Position.		518,330

See Notes to Financial Statements

FAYETTE COUNTY
West Union, Iowa

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds as follows:		
Compensated Absences	$ 34,042	
Other Post Employment Benefits	(74,743)	
Pension Expense	(172,524)	
Interest on Long Term Debt	(15,053)	$ (228,278)
Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net asset is exhausted.		215,692
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		190,731
Change in Net Position of Governmental Activities (Page 15)		$1,328,217

See Notes to Financial Statements

FAYETTE COUNTY
West Union, Iowa

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

	Internal Service Employee Group Health
ASSETS	
Cash, Cash Equivalents and Pooled Investments	$641,026
Receivables:	
Accrued Interest	80
TOTAL ASSETS	$641,106
LIABILITIES	
Accounts Payable	$ 56,493
NET POSITION	
Unrestricted	$584,613

See Notes To Financial Statements

FAYETTE COUNTY
West Union, Iowa

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

	Internal Service Employee Group Health
OPERATING REVENUES:	
Reimbursements From Operating Funds	$1,498,488
Reimbursements From Employees and Others	317,841
Insurance Reimbursements	286,514
Total Operating Revenues	2,102,843
OPERATING EXPENSES:	
Medical Claims	344,373
Insurance Premiums	1,543,564
Administrative Fees	20,547
Miscellaneous	4,761
Total Operating Expenses	1,913,245
Operating Income	189,598
NON–OPERATING REVENUES:	
Interest Income	1,133
Net Income	190,731
Net Position Beginning of Year	393,882
Net Position End of Year	$ 584,613

FAYETTE COUNTY
West Union, Iowa

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2015

	Internal Service Employee Group Health
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Operating Fund Reimbursements	$ 1,498,488
Cash Received From Employees and Others	604,354
Cash Paid To Suppliers For Services	(1,880,497)
Net Cash Provided by Operating Activities	222,345
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	1,123
Net Increase in Cash, Cash Equivalents and Pooled Investments	223,468
Cash, Cash Equivalents and Pooled Investments Beginning of Year	417,558
Cash, Cash Equivalents and Pooled Investments End of Year	$ 641,026
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	$ 189,598
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Accounts Payable	32,747
Net Cash Provided by Operating Activities	$ 222,345

See Notes To Financial Statements

FAYETTE COUNTY
West Union, Iowa

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

ASSETS	
Cash, Cash Equivalents and Pooled Investments:	
County Treasurer	$ 1,236,311
Other County Officials	373,098
Receivables:	
Property Tax:	
Delinquent	2,686
Succeeding Year	18,134,504
Accounts	16,272
Accrued Interest	137
Due From Other Governments	79,294
TOTAL ASSETS	19,842,302
LIABILITIES	
Accounts Payable	4,981
Salaries and Benefits Payable	9,309
Due To Other Governments	19,374,072
Trusts Payable	427,810
Compensated Absences	26,130
TOTAL LIABILITIES	19,842,302
NET POSITION	$ 0

See Notes To Financial Statements

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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

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

A. REPORTING ENTITY

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

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

Blended Component Units – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate funds.

A drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Fayette County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of this individual drainage district can be obtained from the Fayette County Auditor's office.

Note 1: Summary of Significant Accounting Policies (Continued)

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 Fayette County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Fayette County Assessor's Conference Board, Fayette County Emergency Management Commission, and Fayette 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.

B. BASIS OF PRESENTATION

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are 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 and contributions that are 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.

***Note 1: Summary of Significant Accounting Policies** (Continued)*

B. BASIS OF PRESENTATION (CONTINUED)

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary fund, 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 County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

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

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

Note 1: Summary of Significant Accounting Policies ***(Continued)***

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY

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

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

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, 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.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% 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.

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY (CONTINUED)

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

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 government), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Intangibles	$75,000
Infrastructure	50,000
Land, Buildings and Improvements	25,000
Equipment and Vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and Improvements	40 – 65
Infrastructure	15 – 65
Intangibles	5 – 20
Equipment and Vehicles	2 – 20

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

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY (CONTINUED)

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.

Advances from Grantors – Advances from grantors represents grant proceeds which have been received by the County, but will be spent in succeeding fiscal years.

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 hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY (CONTINUED)

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end.

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

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

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

Note 1: Summary of Significant Accounting Policies (Continued)

E. BUDGETS AND BUDGETARY ACCOUNTING

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

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

Note 2: Cash, Cash Equivalents and Pooled Investments

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

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

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

Note 3: Interfund Transfers

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

Transfer To	Transfer From	Amount
Special Revenue:		
Secondary Roads	General Basic	$ 81,800
	Special Revenue:	
Secondary Roads	Rural Services	1,753,508
Total		$1,835,308

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

Note 4: Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,258,356	$ 0	$ 0	$ 2,258,356
Construction in Progress	4,802,624	910,768	3,398,139	2,315,253
Total Capital Assets Not Being Depreciated	7,060,980	910,768	3,398,139	4,573,609
Capital Assets Being Depreciated:				
Buildings	4,573,523	0	0	4,573,523
Machinery and Equipment	9,623,127	1,642,422	913,340	10,352,209
Infrastructure	48,773,746	3,215,889	0	51,989,635
Total Capital Assets Being Depreciated	62,970,396	4,858,311	913,340	66,915,367
Less Accumulated Depreciation For:				
Buildings	1,324,650	85,496	0	1,410,146
Machinery and Equipment	7,218,174	640,773	904,806	6,954,141
Infrastructure	18,821,876	1,036,166	0	19,858,042
Total Accumulated Depreciation	27,364,700	1,762,435	904,806	28,222,329
Total Capital Assets Being Depreciated, Net	35,605,696	3,095,876	8,534	38,693,038
Governmental Activities Capital Assets, Net	$42,666,676	$4,006,644	$3,406,673	$43,266,647

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public Safety and Legal Services	$ 136,969
Physical Health and Social Services	1,498
Mental Health	8,279
County Environment and Education	20,819
Roads and Transportation	1,585,775
Administration	9,095
Total Depreciation Expense – Governmental Activities	$1,762,435

Note 5: Due to Other Governments

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

Fund	Description	Amount
General	Services	$ 467
Special Revenue:		
Mental Health	Services	12,978
Gilbertson	Services	25
		13,003
Total for Governmental Funds		$ 13,470
Agency:		
County Assessor	Collections	$ 531,465
Schools		11,869,665
Community Colleges		766,115
Corporations		4,806,279
Auto License and Use Tax		499,359
All Others		901,189
Total for Agency Funds		$19,374,072

Note 6: Changes in Long–Term Liabilities

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

	Compensated Absences	General Obligation Bonds	Installment Purchase Agreement	Capital Lease Purchase Agreement	Net Pension Liability	Net OPEB Liability	Total
Balance Beginning of Year as, Restated	$453,138	$ 599	$320,265	$ 0	$3,947,868	$429,669	$5,151,539
Increases	419,427	41,401	0	1,041,050	0	77,270	1,579,148
Decreases	453,138	42,000	88,860	195,223	1,639,539	2,527	2,421,287
Balance End of Year	$419,427	$ 0	$231,405	$ 845,827	$2,308,329	$504,412	$4,309,400
Due Within One Year	$419,427	$ 0	$ 0	$ 175,974	$ 0	$ 0	$ 595,401

Note 6: Changes in Long–Term Liabilities (Continued)

General Obligation Bonds

During the fiscal year ended June 30, 2014, the County issued $86,000 of General Obligation Sewer Improvement Bonds. The debt was issued to provide funds to pay costs of improvements to the sanitary sewer treatment facilities at the Prairie View Residential Care Facility. Semiannual interest payments are required at a rate of 1.75% commencing on December 1, 2014. During the year ended June 30, 2015, principal paid totaled $42,000, interest in the amount of $741 was paid on the debt and the County extinguished all of its obligations under the debt agreement.

Installment Purchase Agreement

During the fiscal year ended June 30, 2014, the County entered into an agreement to purchase property for $320,265. Interest is accruing at 2.25% and will be paid when the agreement is fulfilled. During the year ended June 30, 2015, the County paid $50,000 and outside sources made payments totaling $38,860 towards the purchase obligation.

Capital Lease Purchase Agreements

During the year ended June 30, 2015, the County entered into lease purchase agreements for four motor graders with a total historical cost of $1,041,050 with depreciation expense of $104,105. The following is a schedule of the future minimum payments due, including interest, and the present value of net minimum lease payments under the agreements in effect at June 30, 2015:

Year Ending June 30,	Interest Rate	Total Minimum Lease Payments	Less Amount Representing Interest	Present Value of Net Minimum Lease Payments
2016	2.75%	$200,000	$(24,026)	$175,974
2017	2.75	200,000	(19,125)	180,875
2018	2.75	200,000	(14,088)	185,912
2019	2.75	200,000	(8,910)	191,090
2020	2.75	115,036	(3,060)	111,976
		$915,036	$(69,209)	$845,827

Payment under the lease purchase agreements totaled $200,000 for the year ended June 30, 2015.

Note 7: Closure and Postclosure Care Costs

Fayette County is a member of the Fayette County Solid Waste Management Commission. The agency is an inter-governmental agency, established in accordance with the provisions of Chapter 28E of the State Code of Iowa (Inter-governmental Cooperation Agreement). The purpose of the Commission is to provide for the economic disposal and or recycling of all solid waste produced or generated within each member city, town, and the unincorporated portion of Fayette County, comprising the municipalities. In performing its duties, the Commission may contract with and expend funds from federal, state, and local agencies and private individuals and corporations.

State and Federal laws and regulations required the Commission to place a final cover on its landfill site when it stopped accepting waste during the fiscal year ended June 30, 2012, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. State laws require the Commission to submit a postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper postclosure. As of June 30, 2015, the estimated liability associated with postclosure care costs had been determined. Also based on regulations, the financial assurance mechanism has been established.

Note 8: Pension Plan

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

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

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

- A multiplier (based on years of service)
- The member's highest five-year average salary. (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).

Note 8: Pension Plan (Continued)

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

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

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

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

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

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal costs 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.

Note 8: Pension Plan (Continued)

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

The County's contributions to IPERS for the year ended June 30, 2015 were $518,330.

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 $2,308,329 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 was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.0582043, which was a decrease of 0.010554 from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $172,524. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences Between Expected and Actual Experience	$ 27,003	$ 37,446
Changes of Assumptions	109,653	28,932
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,307,043
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	(84,026)	0
County Contributions Subsequent to the Measurement Date	518,330	0
Total	$570,960	$1,373,421

***Note 8: Pension Plan** (Continued)*

$518,330 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 inflow of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Total
2016	$ (329,973)
2017	(329,973)
2018	(329,973)
2019	(329,973)
2020	(899)
	$(1,320,791)

There were no non-employer contributing entities at IPERS.

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

Rate of Inflation (Effective June 30, 2014)	3.00 Percent annum.
Rates of Salary Increase (Effective June 30, 2010)	4.00 to 17.00 Percent, Average, Including Inflation. Rates Vary by Membership Group.
Long-term Investment Rate of Return (Effective June 30, 1996)	7.50 Percent, 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:

***Note 8: Pension Plan** (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)
	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5%) or 1 percentage-point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's Proportionate Share of The Net Pension Liability	$5,285,612	$2,308,329	$(202,413)

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

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

Note 9: Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single–employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 123 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. The dental benefit is administered by Delta Dental of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the dental benefit.

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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual Required Contribution	$ 89,287
Interest on Net OPEB Obligation	12,094
Adjustment to Annual Required Contribution	(24,111)
Annual OPEB Cost	77,270
Contributions Made	(2,527)
Increase in Net OPEB Obligation	74,743
Net OPEB Obligation – Beginning of Year	429,669
Net OPEB Obligation – End of the Year	$504,412

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

For the year ended June 30, 2015, the County contributed $2,527 to the medical plan. Plan members receiving benefits contributed $5,054, or 67% of the premium costs.

Note 9: Other Postemployment Benefits (OPEB)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$111,818	6.17%	$316,639
2014	$122,838	7.98%	$429,669
2015	$ 77,270	3.27%	$504,412

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $718,978 with no actuarial value of assets, resulting in an unfunded actuarial liability (UAAL) of $718,978. The covered payroll (annual payroll of active employees covered by the plan) was $5,093,439, and the ratio of the UAAL to the covered payroll was 14.12%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption 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 Retire 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 benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short–term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long–term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the Entry Age Actuarial Cost method was used. The actuarial assumptions included 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2010 and developing termination factors using the IPERS Actuarial Report as of June 30, 2010 as a guide.

Note 9: Other Postemployment Benefits (OPEB)

Projected claim costs of the medical plan are $435 per month for retirees. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized on a level dollar basis over 30 years.

Note 10: Risk Management

Fayette County is a member of the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Risk Pool (pool) is a local government risk–sharing pool whose members include ten counties throughout the State of Iowa. The pool was formed July 1, 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purpose of providing and maintaining self–insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other the pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2015, which covers exposures of specific losses in excess of $750,000, with a $250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of $400,000 per occurrence, up to a maximum of $8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2015, 2014, and 2013 the risk pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2015, settled claims have not exceeded the risk pool reinsurance coverage since commencement of the risk pool.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the pool for the year ended June 30, 2015 were $568,242.

Note 10: Risk Management (Continued)

Initial membership into the pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Fayette County commenced July 1, 1987 and is subject to renewal every three years. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County also carries commercial insurance purchased from another insurer for coverage associated with the employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for employees blanket bond claims in excess of $20,000 per employee, with the exception of the Treasurer which is in excess of $50,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

Note 11: Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administrated through a Service Agreement with Midwest Group Benefits. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitations of $20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Midwest Group Benefits from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2015 was $1,498,488.

Amounts payable from the Employee Group Health Fund at June 30, 2015 total $56,493, which is for incurred but not reported (IBNR) and reported but not paid claims. The amount of claims incurred but not reported is based on actuarial estimates of the amount necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims to be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Note 11: Employee Health Insurance Plan (Continued)

Unpaid Claims Beginning of Year	$ 23,746
Incurred Claims (Including Claims Incurred but not Reported at June 30, 2015)	344,373
Payments on Claims During Fiscal Year	311,626
Unpaid Claims End of Year	$ 56,493

Note 12: Commitments and Contingencies

The County participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time; however, County officials do not believe that such amounts would be significant.

Note 13: Related Party Transactions

The County had business transactions between the County and the County officials during the year ended June 30, 2015.

Note 14: Construction Commitment

The County has entered into contracts totaling $4,317,151 for roadway and other projects. As of June 30, 2015 contract costs of $2,315,253 on the projects have been incurred. The balance remaining on the contracts at June 30, 2015 will be paid as work on the projects progress.

Note 15: Fayette County Financial Information Included in the County Social Services Mental Health Region

County Social Services, 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 County, Black Hawk County, Butler County, Cerro Gordo County, Chickasaw County, Clayton County, Emmet County, Fayette County, Floyd County, Grundy County, Hancock County, Howard County, Humboldt County, Kossuth County, Mitchell County, Pocahontas County, Tama County, Wester County, Winnebago County, Winneshiek County, Worth County and Wright County. The financial activity of Fayette County's Special Revenue, Mental Health Fund is included in the County Social Services Mental Health Region for the year ended June 30, 2015 as follows:

Note 15: Fayette County Financial Information Included in the County Social Services Mental Health Region (Continued)

Revenues:		
Property and Other County Tax		$ 719,333
Intergovernmental Revenues:		
State Tax Credits	$ 61,911	
Medicaid	207,969	
Other Intergovernmental Revenues	700	270,580
Charges for Service		206
Miscellaneous		153,204
Total Revenues		1,143,323
Expenditures:		
Services to Persons With:		
Mental Illness		16,229
Chronic Mental Illness		8,020
Mental Retardation		2,198
Other Developmental Disabilities		289
General Administration:		
Direct Administration		122,967
Purchased Administration		450,000
Distribution to Regional Fiscal Agent		500,000
County Provided Case Management		260,335
Total Expenditures		1,360,038
Deficiency of Revenues Over Expenditures		(216,715)
Fund Balance Beginning of the Year		579,373
Fund Balance End of the Year		$ 362,658

Note 16: 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 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by the 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	$48,337,719
Net Pension Liability at June 30, 2014	(3,947,868)
Deferred Outflows of Resources Related to Prior Year Contributions Made After the June 30, 2013 Measurement Date	491,272
Net Position July 1, 2014, as Restated	$44,881,123

Note 17: Subsequent Event

Management evaluated subsequent events through March 28, 2016, the date the financial statements were available to be issued.

FAYETTE COUNTY
West Union, Iowa

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2015

	Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Net Variance
RECEIPTS:						
Property and Other County Tax	$ 7,980,431	$ 0	$ 7,980,431	$ 8,005,421	$ 7,978,276	$ 2,155
Interest and Penalty on Property Tax	100,042	0	100,042	59,210	59,210	40,832
Intergovernmental	6,051,820	0	6,051,820	5,660,013	5,965,454	86,366
Licenses and Permits	25,476	0	25,476	20,800	20,856	4,620
Charges for Service	1,243,310	0	1,243,310	811,490	1,106,145	137,165
Use of Money and Property	118,126	0	118,126	66,950	73,487	44,639
Miscellaneous	457,096	0	457,096	455,424	477,394	(20,298)
Total Receipts	15,976,301	0	15,976,301	15,079,308	15,680,822	295,479
DISBURSEMENTS:						
Public Safety and Legal Services	3,666,691	0	3,666,691	3,705,224	3,757,358	90,667
Physical Health and Social Services	405,050	0	405,050	546,978	532,452	127,402
Mental Health	1,343,915	0	1,343,915	1,304,584	1,430,717	86,802
County Environment and Education	1,494,964	0	1,494,964	1,572,064	1,615,616	120,652
Roads and Transportation	5,839,635	0	5,839,635	5,407,350	5,847,871	8,236
Governmental Services to Residents	577,672	0	577,672	768,808	749,581	171,909
Administration	1,378,639	0	1,378,639	1,449,030	1,453,008	74,369
Non-Program	214,991	0	214,991	137,400	236,400	21,409
Debt Service	0	0	0	0	0	0
Capital Projects	174,676	0	174,676	537,850	424,450	249,774
Total Disbursements	15,096,233	0	15,096,233	15,429,288	16,047,453	951,220
Excess (Deficiency) of Receipts Over (Under) Disbursements	880,068	0	880,068	(349,980)	(366,631)	1,246,699
Other Financing Sources, Net	61,315	0	61,315	0	12,000	49,315
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	941,383	0	941,383	(349,980)	(354,631)	1,296,014
Balance Beginning of Year	4,711,543	6,336	4,705,207	3,638,724	4,705,207	0
Balance End of Year	$ 5,652,926	$6,336	$ 5,646,590	$ 3,288,744	$ 4,350,576	$1,296,014

See Accompanying Independent Auditor's Report

FAYETTE COUNTY
West Union, Iowa

BUDGETARY COMPARISON SCHEDULE –
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$15,976,301	$ 64,895	$16,041,196
Expenditures	15,096,233	1,310,393	16,406,626
Net	880,068	(1,245,498)	(365,430)
Other Financing Sources	61,315	1,041,050	1,102,365
Beginning Fund Balances	4,711,543	1,715,600	6,427,143
Increase in Reserve For Inventories	0	215,692	215,692
Ending Fund Balances	$ 5,652,926	$ 1,726,844	$ 7,379,770

See Accompanying Independent Auditor's Report

FAYETTE COUNTY
West Union, Iowa

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $618,165. The final budget amendment is reflected in the final budgeted amounts.

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

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

FAYETTE COUNTY
West Union, Iowa

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

Required Supplementary Information

	2015
County's Collective Proportion of the Net Pension Liability (Asset)	0.0582043%
County's Collective Proportionate Share of the Net Pension Liability (Asset)	$2,308
County's Covered-employee Payroll	$5,382
County's Collective Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	42.88%
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.

See Accompanying Independent Auditor's Report.

FAYETTE COUNTY
West Union, Iowa

SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(In Thousands)

Required Supplementary Information

	2015	2014	2013	2012
Statutorily Required Contribution	$ 518	$ 512	$ 468	$ 432
Contributions in Related to the Statutorily Required Contribution	(518)	(512)	(468)	(432)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
County's Covered-employee Payroll	$5,656	$5,382	$5,266	$5,150
Contributions as a Percentage of Covered-employee Payroll	9.16%	9.51%	8.89%	8.40%

See Accompanying Independent Auditor's Report.

2011	2010	2009	2008	2007	2006
$ 386	$ 378	$ 346	$ 308	$ 289	$ 286
(386)	(378)	(346)	(308)	(289)	(286)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$5,185	$5,420	$5,183	$4,933	$4,795	$4,764
7.44%	6.97%	6.67%	6.24%	6.03%	6.01%

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 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
(CONTINUED)

Year Ended June 30, 2015

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

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

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

FAYETTE COUNTY
West Union, Iowa

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN (IN THOUSANDS)

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, 2008	$0	$448	$448	0%	$5,058	8.85%
2011	July 1, 2008	$0	$448	$448	0%	$4,942	9.06%
2012	July 1, 2011	$0	$950	$950	0%	$4,211	22.57%
2013	July 1, 2011	$0	$955	$955	0%	$4,327	22.08%
2014	July 1, 2011	$0	$916	$916	0%	$4,781	19.15%
2015	July 1, 2014	$0	$719	$719	0%	$5,093	14.12%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs and Net OPEB Obligation, and the funded status and funding progress.

See Accompanying Independent Auditor's Report

FAYETTE COUNTY
West Union, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
ASSETS			
Cash, Cash Equivalents and Pooled Investments	$91,086	$34,167	$678
Receivables:			
Property Tax			
Succeeding Year	0	0	0
Accounts	0	313	0
Accrued Interest	37	9	0
Due from Other Governments	0	0	0
TOTAL ASSETS	$91,123	$34,489	$678
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 0	$ 0	$ 0
Due to Other Governments	0	0	0
Total Liabilities	0	0	0
Deferred Inflows of Resources:			
Unavailable Revenues			
Succeeding Year Property Tax	0	0	0
Other	0	0	0
TOTAL DEFERRED INFLOWS OF RESOURCES	0	0	0
Fund Balances:			
Reserved For:			
Drainage Purposes	0	0	0
Other Purposes	91,123	34,489	678
Total Fund Balances	91,123	34,489	678
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$91,123	$34,489	$678

See Accompanying Independent Auditor's Report

Schedule 1

Special Revenue						
Attorney's Forfeiture	Sheriff's Forfeiture	Viafield Tax Increment Financing	Drainage Districts	Gilbertson	Debt Service	Total
$3,317	$10,194	$ 0	$6,336	$162,261	$ 0	$308,039
0	0	118,805	0	0	312,768	431,573
0	13,139	0	0	0	0	13,452
0	1	0	0	20	0	67
0	0	0	0	400	0	400
$3,317	$23,334	$118,805	$6,336	$162,681	$312,768	$753,531
$ 30	$ 0	$ 0	$ 0	$ 2,193	$ 0	$ 2,223
0	0	0	0	25	0	25
30	0	0	0	2,218	0	2,248
0	0	118,805	0	0	312,768	431,573
0	13,139	0	0	0	0	13,139
0	13,139	118,805	0	0	312,768	444,712
0	0	0	6,336	0	0	6,336
3,287	10,195	0	0	160,463	0	300,235
3,287	10,195	0	6,336	160,463	0	306,571
$3,317	$23,334	$118,805	$6,336	$162,681	$312,768	$753,531

FAYETTE COUNTY
West Union, Iowa

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

	Special Revenue		
	Resource Enhancement and Protection	County's Recorder's Records Management	County Recorder's Electronic Transaction Fee
REVENUES:			
Intergovernmental	$16,147	$ 0	$ 0
Charges for Service	0	3,508	0
Use of Money and Property	441	127	1
Miscellaneous	0	0	0
Total Revenues	16,588	3,635	1
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	0	0	0
County Environment and Education	0	0	0
Governmental Services to Residents	0	2,201	0
Capital Projects	5,151	0	0
Total Expenditures	5,151	2,201	0
Change in Fund Balances	11,437	1,434	1
Fund Balances Beginning of Year	79,686	33,055	677
Fund Balances End of Year	$91,123	$34,489	$678

See Accompanying Independent Auditor's Report

Special Revene				
Attorney's Forfeiture	Sheriff's Forfeiture	Drainage Districts	Gilbertson	Total
$ 0	$ 0	$ 0	$ 34,116	$ 50,263
0	0	0	35,251	38,759
5	24	0	259	857
584	6,837	0	2,066	9,487
589	6,861	0	71,692	99,366
360	9,488	0	0	9,848
0	0	0	58,979	58,979
0	0	0	0	2,201
0	0	0	2,006	7,157
360	9,488	0	60,985	78,185
229	(2,627)	0	10,707	21,181
3,058	12,822	6,336	149,756	285,390
$3,287	$10,195	$6,336	$160,463	$306,571

FAYETTE COUNTY
West Union, Iowa

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

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	$ 0	$ 3,355	$137,613	$ 198,364
Other County Officials	373,098	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	22	46	1,377
Succeeding Year	0	200,989	428,768	11,669,924
Accounts	218	0	0	0
Accrued Interest	0	0	0	0
Due From Other Governments	0	0	0	0
TOTAL ASSETS	$373,316	$204,366	$566,427	$11,869,665
LIABILITIES				
Accounts Payable	$ 0	$ 0	$ 2,443	$ 0
Salaries and Benefits Payable	0	0	7,527	0
Due To Other Governments	1,100	204,366	531,465	11,869,665
Trusts Payable	372,216	0	0	0
Compensated Absences	0	0	24,992	0
TOTAL LIABILITIES	$373,316	$204,366	$566,427	$11,869,665

See Accompanying Independent Auditor's Report

Schedule 3

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
$ 12,506	$ 72,891	$ 5,808	$4,297	$499,359	$302,118	$ 1,236,311
0	0	0	0	0	0	373,098
85	1,156	0	0	0	0	2,686
753,524	4,732,232	346,366	0	0	2,701	18,134,504
0	0	0	0	0	16,054	16,272
0	0	0	0	0	137	137
0	0	0	0	0	79,294	79,294
$766,115	$4,806,279	$352,174	$4,297	$499,359	$400,304	$19,842,302
$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,538	$ 4,981
0	0	0	0	0	1,782	9,309
766,115	4,806,279	352,174	4,297	499,359	339,252	19,374,072
0	0	0	0	0	55,594	427,810
0	0	0	0	0	1,138	26,130
$766,115	$4,806,279	$352,174	$4,297	$499,359	$400,304	$19,842,302

FAYETTE COUNTY
West Union, Iowa

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
Year Ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS AND LIABILITIES				
Balances Beginning of Year	$365,721	$204,081	$527,036	$11,944,198
Additions:				
Property and Other County Tax	0	203,878	434,595	11,835,951
E911 Surcharge	0	0	0	0
State Tax Credits	0	17,539	35,377	1,028,319
Drivers License Fees	0	0	0	0
Office Fees and Collections	613,822	0	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	199,444	0	0	0
Miscellaneous	0	0	1,084	0
Total Additions	813,266	221,417	471,056	12,864,270
Deductions:				
Agency Remittances:				
To Other Funds	297,381	0	0	0
To Other Governments	221,028	221,132	431,665	12,938,803
Trusts Paid Out	287,262	0	0	0
Total Deductions	805,671	221,132	431,665	12,938,803
Balances End of Year	$373,316	$204,366	$566,427	$11,869,665

See Accompanying Independent Auditor's Report

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
$765,050	$4,825,718	$347,914	$20,185	$ 504,385	$ 521,994	$20,026,282
764,347	4,724,997	354,127	0	0	2,737	18,320,632
0	0	0	0	0	78,828	78,828
65,568	579,532	23,025	0	0	237	1,749,597
0	0	0	0	95,463	0	95,463
0	0	0	0	0	0	613,822
0	0	0	0	6,043,923	0	6,043,923
0	0	0	70,003	0	0	70,003
0	0	0	0	0	917,873	1,117,317
0	0	0	0	0	380,373	381,457
829,915	5,304,529	377,152	70,003	6,139,386	1,380,048	28,471,042
0	0	0	0	220,970	0	518,351
828,850	5,323,968	372,892	85,891	5,923,442	599,840	26,947,511
0	0	0	0	0	901,898	1,189,160
828,850	5,323,968	372,892	85,891	6,144,412	1,501,738	28,655,022
$766,115	$4,806,279	$352,174	$ 4,297	$ 499,359	$ 400,304	$19,842,302

FAYETTE COUNTY
West Union, Iowa

SCHEDULE OF REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS

For the Last Ten Years

	Modified Accrual Basis			
	2015	2014	2013	2012
Revenues:				
Property and Other County Tax	$ 7,990,896	$ 7,877,625	$ 7,638,324	$ 7,638,053
Interest and Penalty on Property Tax	99,880	65,290	68,347	79,181
Intergovernmental	6,091,316	5,356,765	5,747,484	6,611,574
Licenses and Permits	26,676	27,220	60,860	38,130
Charges For Service	1,209,886	899,072	823,329	836,287
Use of Money and Property	118,182	150,572	88,440	79,529
Miscellaneous	504,360	385,768	524,710	581,623
Total	$16,041,196	$14,762,312	$14,951,494	$15,864,377
Expenditures:				
Operating:				
Public Safety and Legal Services	$ 3,686,829	$ 3,366,963	$ 3,116,842	$ 2,869,061
Physical Health and Social Services	404,141	443,093	439,732	418,573
Mental Health	1,360,038	1,153,942	1,319,709	2,472,476
County Environment and Education	1,495,396	1,416,878	1,406,019	1,421,442
Roads and Transportation	7,120,050	5,172,773	5,323,518	4,480,177
Governmental Services to Residents	580,237	571,659	554,594	535,869
Administration	1,386,859	1,273,814	1,150,990	1,121,594
Non-Program	198,520	269,764	34,329	20,893
Debt Service	0	430	359,275	352,147
Capital Projects	174,556	628,891	853,751	866,714
Total	$16,406,626	$14,298,207	$14,558,759	$14,558,946

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
$ 7,449,665	$ 7,087,274	$ 6,786,120	$ 6,547,515	$ 6,791,909	$ 6,114,765
77,020	79,109	61,403	61,756	58,178	56,928
7,044,867	7,136,294	7,228,246	6,381,634	5,704,492	6,210,061
21,130	20,055	21,738	12,138	12,960	13,465
953,530	946,047	1,100,754	890,214	1,010,667	770,110
58,389	106,718	119,110	113,567	112,720	85,904
526,382	167,079	643,271	293,339	698,791	625,162
$16,130,983	$15,542,576	$15,960,642	$14,300,163	$14,389,717	$13,876,395
$ 2,912,807	$ 2,846,569	$ 2,671,416	$ 2,614,895	$ 2,534,123	$ 2,521,531
452,439	463,331	465,766	441,607	465,590	500,427
2,387,124	2,808,937	2,625,384	3,008,942	2,601,046	2,084,214
1,360,708	1,312,631	1,522,890	1,178,754	1,184,908	1,193,039
6,122,943	5,057,674	5,522,067	4,945,001	4,264,820	4,757,452
496,688	551,755	526,686	481,348	447,741	423,279
915,361	1,004,399	1,111,843	1,062,389	1,050,785	1,007,943
90,584	18,975	5,164	5,740	5,112	5,344
353,253	1,710,900	359,505	355,425	350,760	350,705
884,002	725,793	1,060,787	993,184	579,272	1,664,080
$15,975,909	$16,500,964	$15,871,508	$15,087,285	$13,484,157	$14,508,014

Schedule 6

FAYETTE COUNTY
West Union, Iowa

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct			
U.S. Department of Justice:			
Bureau of Justice Assistance:			
Bulletproof Vest Partnership Program	16.607		$ 4,231
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		14,758
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
CDBG – Community Facility	14.228	13-CF-005	535,801
CDBG – Flood Relief	14.228	08-DRIFWP-211	45,977
			581,778
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	IA-14-01-33	24,979
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety Grant	20.600	14-402-M0AL, Task 04	7,098
Impaired Driving Countermeasures Grant	20.616	15-405d-M6OT, Task 21	6,543
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance – State Administered Programs	93.566		33
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,823
Foster Care – Title IV-E	93.658		5,661
Adoption Assistance	93.659		1,789
Social Services Block Grant	93.667		4,540
Childrens' Health Insurance Program	93.767		91
Medical Assistance Program	93.778		27,784

See Accompanying Independent Auditor's Report.

FAYETTE COUNTY
West Union, Iowa

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
U.S. Department of Homeland Security:			
Iowa Department of Public Defense			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4126-DR-IA	$ 167,363*
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4184-DR-IA	326,979
			494,342
Emergency Management Performance Grant	97.042	EMPG-14-PT-33	2,970
Emergency Management Performance Grant	97.042	EMPG-15-PT-33	13,108
			16,078
Total Indirect			1,189,297
Total			$1,193,528

*During the year ended June 30, 2015, the Federal Emergency Management Agency approved $63,414 of eligible expenditures that were incurred in the prior year. These approved eligible expenditures incurred in the prior year are included in the Schedule of Expenditures of Federal Awards of Fayette County for the year ended June 30, 2015.

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

See Accompanying Independent Auditor's Report.

Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Fayette County:
West Union, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fayette County, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Fayette County, Iowa's basic financial statements and have issued our report thereon March 28, 2016.

Internal Control Over Financial Reporting

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

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

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

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item II-C-15 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fayette County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings and Questioned Costs.

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

Fayette County, Iowa's Response to Findings

Fayette County, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Fayette County, Iowa'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 Fayette County, Iowa's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fayette County, Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Gardiner Thomsen, P.C.

Charles City, Iowa
March 28, 2016

Gardiner Thomsen
Certified Public Accountants

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Fayette County Board of Supervisors
West Union, Iowa

Report on Compliance for Each Major Federal Program

We have audited Fayette County, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Fayette County, Iowa's major federal programs for the year ended June 30, 2015. Fayette County, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Gardiner Thomsen, P.C.

Charles City, Iowa
March 28, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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

(a) Unmodified opinions were issued on the financial statements.

(b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) An unmodified opinion was issued on compliance with requirements applicable to the major programs.

(e) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).

(f) The major programs were CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and CFDA Number 97.036 – Disaster Grants – Public Assistance.

(g) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(h) Fayette County did not qualify as a low-risk auditee.

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

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties

Finding – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. We noted that various functions of the County are performed by the same person.

Criteria – A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition – Various functions of the Auditor, Treasurer, Recorder and Sheriff Offices are performed by the same person.

Effect – Transaction errors could occur and not be detected in a timely manner.

Cause – Limited staff available to segregate duties.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned – We have reviewed procedures as suggested. We are in the process of cross training employees to further segregate duties.

II-B-15 Financial Reporting

Finding – During our audit, we identified material amounts of receipts, accounts receivable, accounts payable and capital assets not recorded or incorrectly recorded in the County's financial statements.

Criteria – A good financial reporting system to record receipts, accounts receivable, accounts payable and capital assets, including infrastructure and the related depreciation calculations.

Condition – Receipts from the Iowa Finance Authority for general obligation debt proceeds were incorrectly coded. Receipts in July and August following year end were not always coded as a receipt for goods or services provided prior to June 30 to be included in the accounts receivable listing. Disbursements in July and August following year end were not always coded as a disbursement for goods or services received prior to June 30 to be included in the accounts payable listing. Capital asset additions were not always included in the capital asset listing at the proper acquisition value. Capital asset disposals were not always disposed of on the capital asset listing.

Effect – The intergovernmental revenues were overstated, while proceeds from debt were understated. The accounts receivable and accounts payable listings were not correct. The capital asset listing was not correct.

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

II-B-15 Financial Reporting (Continued)

Recommendation – The County should implement procedures to ensure all receipts are properly coded and all accounts receivable, accounts payables and capital assets, infrastructure and related depreciation are recorded in the financial statements.
Response and Corrective Action Planned – We will adjust our financial statements to properly include these amounts and will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

II-C-15 Preparation of Full Disclosure Financial Statements
Finding – During the audit, we noted that Fayette County does not have the internal resources to prepare full disclosure financial statements required by U.S. Generally Accepted Accounting Principles (GAAP) for external reporting.
Criteria – Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements for external reporting in conformity with GAAP.
Condition – Management requested that Gardiner Thomsen, P.C. assist in preparing the draft of the financial statements, including the related footnote disclosures.
Effect – Although Gardiner Thomsen, P.C. assists in the preparation of the full disclosure financial statements, the management of the County thoroughly reviews them and accepts responsibility for their completeness and accuracy.
Cause – The County does not have the internal resources to prepare the full disclosure financial statements required by GAAP for external reporting.
Recommendation – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and prepare full disclosure financial statements for external reporting is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than rely on external assistance.
Response and Corrective Action Planned – We recognize our limitations, however, it is not fiscally responsible to add additional staff at this time.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

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

Part IV: Other Findings Related to Required Statutory Reporting

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

IV-B-15 **Questionable Expenditures** – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

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

IVD-15 **Business Transactions** – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Description	Amount
Madonna Baumler, Treasurer's Office		
Baumler Implement Company, Inc. Partially Owned by Madonna's Spouse	Parts and Repairs for Secondary Road Vehicles	$ 13,262
Rod Marlatt, Conservation Executive Director		
Fauser Energy Resources Owned by Rod's Brother In Law	Diesel Fuel, Propane, Oil	437,322
Lori Moellers, Auditor		
Theresa Moellers, Mother In Law	Election Worker	149
Marty Stanbrough and Gary Streif, Secondary Roads		
Dust Busters – Owned by Marty and Gary	Dust Control	3,123

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Theresa Moellers do not appear to represent conflicts of interest as total transactions were less than $1,500.

In accordance with Chapter 331.342 of the Code of Iowa, the transactions over $1,500 with Fauser Energy Resources do not appear to represent conflicts of interest as the goods and services purchased from Fauser Energy Resources were obtained through contracts that were competitively bid, in writing, publicly invited and opened.

In accordance with Chapter 331.342 of the Code of Iowa, the transactions over $1,500 with Baumler Implement Company, Inc. and Dust Busters do not appear to represent conflicts of interest as Madonna Baumler, Marty Stanbrough and Gary Streif were not directly involved in acquiring the services from Baumler Implement Company, Inc. and Dust Busters.

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

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

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

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

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

IV-H-15 **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).

IV-I-15 **Economic Development** – During the year ended June 30, 2015, the County paid $79,325 for economic development which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.

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

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

IV-K-15 **Capital Lease Purchase Agreement** – During the year ended June 30, 2015, the County entered into a capital lease purchase agreement for the purchase of four motor graders for the Secondary Roads Department. However, a public hearing was not held prior to the authorization of this capital lease purchase agreement as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Recommendation – The County should consult legal counsel for the disposition of this matter. In the future, the County should hold a public hearing prior to the authorization of a capital lease purchase agreement in accordance with Chapters 331.478 and 331.479 of the Code of Iowa.

Response – We will consult legal counsel and this will be complied with in the future.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-L-15 **Emergency Management Budget** – Notice of the public hearing of the budget amendment was published more than twenty days before the hearing. Also, disbursements at June 30, 2015 exceeded the amount budgeted.

Recommendation – Chapter 24.9 of the Code of Iowa allows for the amendment of the current budget, before disbursements are allowed to exceed the budget, when the need arises. Furthermore, Chapter 24.9 of the Code of Iowa requires notice of the time when and the place where a public hearing on the amendment of the current budget be published not less than ten nor more than twenty days before the hearing.

The Emergency Management Agency should amend the budget before disbursements are allowed to exceed the budget and ensure publication of the notice of public hearing on such amendments are made in accordance with Chapter 24.9 of the Code of Iowa in the future.

Response – We will amend the budget when needed and ensure compliance with all publication and other requirements regarding such amendments in the future.

Conclusion – Response accepted.