MARION COUNTY

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

JUNE 30, 2015

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T A B L E O F C O N T E N T S
(continued)

MARION COUNTY

Officials

Name	Title	Term Expires
	(Before January 2015)	
Craig Agan	Board of Supervisors	Jan. 2015
Mark Raymie	Board of Supervisors	Jan. 2017
Jim Kingery	Board of Supervisors	Jan. 2017
Jake Grandia	County Auditor	Jan. 2017
Denise Emal	County Treasurer	Jan. 2015
Karen Schwanebeck	County Recorder	Jan. 2015
Jason Sandholdt	County Sheriff	Jan. 2017
Ed Bull	County Attorney	Jan. 2015
Drew Sanders	County Assessor	Jan. 2016
	(After January 2015)	
Mark Raymie	Board of Supervisors	Jan. 2017
Jim Kingery	Board of Supervisors	Jan. 2017
Craig Agan	Board of Supervisors	Jan. 2019
Jake Grandia	County Auditor	Jan. 2017
Denise Emal	County Treasurer	Jan. 2019
Karen Schwanebeck	County Recorder	Jan. 2019
Jason Sandholdt	County Sheriff	Jan. 2017
Ed Bull	County Attorney	Jan. 2019
Drew Sanders	County Assessor	Jan. 2016

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Marion County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, Marion 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

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 64 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2016 on our consideration of Marion County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Marion County's internal control over financial reporting and compliance.

Hunt & Associates, P.C.

Oskaloosa, Iowa
March 11, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

County governmental funds revenue increased 1.9% or $378,343 from 2014 to 2015. Property and other county taxes decreased approximately $280,000.

County governmental funds program expenditures increased approximately 5.4% or $1,021,735, from 2014 to 2015. Expenditures for public safety and legal services increased by approximately $180,000. Expenditures for capital projects increased by approximately $600,000 due primarily to parks and recreation improvement projects.

The County's governmental activities net position decreased 4.9%, or $2,077,826, during the year ended June 30, 2015.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Marion 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 Marion County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Marion County acts solely as an agent or custodian for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Required supplementary information provides a comparison of actual receipts and disbursements to amounts budgeted. It also shows the County's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of funding progress for the retiree health plan.

Supplementary Information provides detailed information about the nonmajor special revenue and the individual internal service and fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the County.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

The County's governmental activities are displayed in the statement of net position and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

l. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Mental Health, Rural Services, and Secondary Roads, and 3) the Debt Service 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 statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2. Proprietary funds include the County's employee group health insurance internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

   The required financial statements for proprietary funds include a statement of fund 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 trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position.

The County's combined net position decreased by $2,077,826 from FY 2014. This reduction in net position is primarily a result of the County's net pension liability recorded in the current year. Our analysis below focuses on the net position of the County's governmental activities.

Net Position of Governmental Activities

	2014 (Not Restated)	2015
Current and other assets	26,348,558	27,090,165
Capital assets	32,007,866	33,017,573
Total assets	58,356,424	60,107,738
Pension related deferred outflows	0	913,510
Deferred outflows of resources	0	913,510
Long-term liabilities	4,476,091	7,339,438
Other liabilities	672,894	764,635
Total Liabilities	5,148,985	8,104,073
Unavailable property tax revenue	10,571,000	10,517,000
Pension related deferred inflows	0	1,841,562
Total deferred inflows of resources	10,571,000	12,358,562
Net position:		
Net investments in capital assets	28,297,866	29,692,573
Restricted	8,670,443	5,723,900
Unrestricted	5,668,130	5,142,140
Total net position	42,636,439	40,558,613

The net position of the County's governmental activities decreased by 4.9%**.** The largest portion of the County's net position is Net Investments in Capital Assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the Net Investments in Capital Assets is liquidated with sources other than capital assets. 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 $5,668,130 at June 30, 2014 to $5,142,140 at the end of this year, a decrease of 9.3 percent**.**

The decrease of $525,990 in unrestricted net position was a result of property tax revenue remaining flat and an increase in capital project spending. The county increased its investment in roadway equipment and road construction by $736,101 over the prior year.

The County has adopted a five year plan to replace aging equipment and bring all County secondary roads up to the standards established by the County Planning Committee, and adopted by the County Board of Supervisors, on March 24, 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 $4,588,338 to retroactively report the net pension liability of as June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Changes in Net Position of Governmental Activities

	2014 (not restated)	2015	Net Change
Revenues:			
Program revenues:			
Charges for service and sales	1,464,095	1,635,243	171,148
Operating grants and contributions	6,063,873	6,300,267	236,394
Capital grants and contributions	1,535,275	2,073,545	538,270
General revenues:			
Property tax, state credits, penalty	11,299,525	11,352,262	52,737
Local option sales and services tax	1,128,375	1,003,757	(124,618)
Payment in lieu of real estate taxes	129,408	97,484	(31,924)
Unrestricted investment earnings	43,941	44,812	871
Other general revenues	50,663	14,173	(36,490)
Total revenues	21,715,155	22,521,543	806,388
Program expenses:			
Public safety and legal services	3,890,323	3,905,774	15,451
Physical health and social services	2,376,505	2,375,532	(973)
Mental health	1,120,628	936,034	(184,594)
County environment and education	1,430,601	1,509,901	79,300
Roads and transportation	6,900,478	7,647,258	746,780
Government services to residents	705,674	685,509	(20,165)
Administration or general government	2,666,987	2,887,435	220,448
Interest on long-term debt	69,390	63,588	(5,802)
Total expenses	19,160,586	20,011,031	850,445
Increase (decrease) in net position	2,554,569	2,510,512	(44,057)
Net position July 1, as restated	40,081,870	38,048,101	(2,033,769)
Net position June 30	42,636,439	40,558,613	(2,077,826)

The County’s total government wide revenues increased by 3.7%. The total government wide cost of all programs and services increased 4.4%. The County covered this year’s expenses.

Governmental Activities

Property tax, state credits and penalties revenue for the year increased .5%. The County decreased countywide property tax rates in 2015 by $.28353. A Debt Service Levy of .16767 in 2014 was decreased to .11022 in 2015.

The cost of all governmental activities this year was $20,011,031 compared to $19,160,586 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes and reserves was only $10,001,976 because some of the cost was paid by those directly benefiting from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. The County's governmental program revenues, including grants, intergovernmental aid, and fees for services, increased in 2015 from $9,063,243 to $10,009,005.

THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of $15,541,392, an increase from last year's total of $14,858,047. The County funds received $683,345 more than were expended for the year. The following are the major reasons for the changes in fund balances for the year:

> The General Fund balance decreased by $764,714 from the prior year or 7.6%. Revenues increased by 3% and the County carefully controlled the related expenditures, which increased by $989,965 from the prior year, or 8.8%.
>
> The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled $937,702, a decrease of 16.7% from the prior year. The Mental Health Fund balance at year end increased by $520,245 or 53.4% from the prior year.
>
> The ending fund balance in the Secondary Roads Fund was $3,482,628, an increase of $966,551. Secondary Road Fund Revenues increased by $496,137 or 13.4% while expenditures increased by $156,601 or 3.1% from the prior year.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except internal service funds and agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget one time, increasing budgeted disbursements by $1,090,518. The amendment was made on May 26, 2015. Highlights of the budget amendment were REAP Fund expenditures, Capital Projects including repairs to the courthouse clock tower, and county parks upgrades, repairs to the Law Enforcement Center and a one-time operating grant to TENCO Industries for assuming management of the County Care Facility. Information Technology upgrades were also made. The Debt Service area exceeded budget by $1,002 at year end. All other budget areas were under their budget for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Marion County had $33,017,573 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) of $1,009,707 or 3.15% over last year. This increase is due primarily to improvements to buildings, infrastructure and land improvements.

Capital Assets of Governmental Activities at Year End,
Net of Related Accumulated Depreciation

		2014	2015
Land & other non-depreciable assets	$	599,043	413,699
Buildings & Improvements		10,168,103	11,195,863
Machinery & Equipment		2,156,794	2,123,955
Infrastructure		19,083,926	19,284,056
Totals	$	32,007,866	33,017,573

Long-term Liabilities

At year-end, the County had approximately $7,339,438 in long-term liabilities compared to $9,726,093 (as restated) last year as shown below.

Long-term Liabilities of Governmental Activities at Year-End

		2014 as restated	2015
Early Retirement		34,789	6,304
Compensated absences	$	527,302	554,551
Net OPEB Liability		204,000	224,000
Net Pension Liability		5,250,002	3,229,583
General Obligation Law Enforcement Center Bonds		3,275,000	2,970,000
General Obligation County Building & Refunding Bonds		435,000	355,000
Totals	$	9,726,093	7,339,438

Long-term liabilities decreased primarily as a result of payments made on General Obligation Bond debt and a reduction in the County's Net Pension Liability. Other obligations include accrued vacation pay, compensatory time, OPEB liability, and early retirement. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Marion County's elected and appointed officials and citizens considered many factors when setting the 2016 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Residential sales of property in the County have remained steady. Countywide taxable valuations increased in 2015. Unemployment in the State of Iowa now stands at 3.5 percent versus 4.2 percent a year ago. The Consumer Price Index was 1.7%.

These indicators were taken into account when adopting the County budget for 2016. Budgeted receipts in the operating budget are $20,056,521, a decrease of 2.3 percent over the final 2015 budget. Marion County will use these receipts to finance programs currently offered and offset the effect we expect inflation to have on program costs. The County has added no major new programs to the 2016 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Marion 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, Marion County, 214 E Main Street, Knoxville, Iowa.

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Basic Financial Statements

MARION COUNTY

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
Assets	
Cash and pooled investments	$ 14,373,986
Receivables:	
Property tax:	
Delinquent	28,862
Succeeding year	10,517,000
Interest and penalty on property tax	76,486
Accounts	176,010
Accrued interest	2,545
Due from other governments	1,065,942
Inventories	710,615
Prepaid expenses	138,719
Capital assets, net of accumulated depreciation (note 5)	33,017,573
Total assets	60,107,738
Deferred Outflows of Resources	
Pension related deferred outflows	913,510
Liabilities	
Accounts payable	609,076
Salaries and benefits payable	134,716
Claims incurred but not reported	16,000
Accrued interest payable	4,843
Long-term liabilities (note 7):	
Portion due or payable within one year:	
Early retirement	6,304
General obligation bonds	390,000
Compensated absences	554,551
Portion due or payable after one year:	
General obligation bonds	2,935,000
Net pension liability	3,229,583
Net OPEB liability	224,000
Total liabilities	8,104,073

MARION COUNTY

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
Deferred Inflows of Resources	
Unavailable property tax revenue	$ 10,517,000
Pension related deferred inflows	1,841,562
Total deferred inflows of resources	12,358,562
Net Position	
Net investment in capital assets	29,692,573
Restricted for:	
Mental health purposes	1,482,129
Secondary roads purposes	3,062,201
Debt service	59,036
Other purposes	1,120,534
Unrestricted	5,142,140
Total net position	$ 40,558,613

See notes to financial statements.

MARION COUNTY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Public safety and legal services	$ 3,905,774	$ 403,725	$ 162,303	$ -	$ (3,339,746)
Physical health and social services	2,375,532	13,539	1,568,022	-	(793,971)
Mental health	936,034	-	356,883	-	(579,151)
County environment and education	1,509,901	408,899	143,807	315,000	(642,195)
Roads and transportation	7,647,258	65,942	4,066,314	1,758,545	(1,756,457)
Government services to residents	685,509	568,547	480	-	(116,482)
Administration	2,887,435	174,591	2,458	-	(2,710,386)
Interest on long-term debt	63,588	-	-	-	(63,588)
Total	$ 20,011,031	$ 1,635,243	$ 6,300,267	$ 2,073,545	(10,001,976)
General Revenues:					
Property and other county tax levied for:					
General purposes					10,449,721
Debt service					143,843
Penalty and interest on property tax					80,456
State tax credits					678,242
Local option sales and services tax					1,003,757
Payments in lieu of real estate taxes					97,484
Unrestricted investment earnings					44,812
Miscellaneous					14,173
Total general revenues					12,512,488
Change in net position					2,510,512
Net position beginning of year, as restated					38,048,101
Net position end of year					$ 40,558,613

See notes to financial statements.

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MARION COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Special Revenue Mental Health	Special Revenue Rural Services	Special Revenue Secondary Roads
Assets				
Cash and pooled investments	$ 8,904,396	$ 1,623,947	$ 867,560	$ 2,504,483
Receivables:				
Property tax:				
Delinquent	17,580	2,586	8,343	-
Succeeding year	6,926,000	1,019,000	2,429,000	-
Interest and penalty on property tax	76,486	-	-	-
Accounts	175,419	-	-	-
Accrued interest	2,385	-	-	-
Due from other governments	485,412	79,210	28,037	473,283
Inventories	-	-	-	710,615
Total assets	$ 16,587,678	$ 2,724,743	$ 3,332,940	$ 3,688,381

	Nonmajor		Total
$	426,878	$	14,327,264
	353		28,862
	143,000		10,517,000
	-		76,486
	591		176,010
	160		2,545
	-		1,065,942
	-		710,615
$	570,982	$	26,904,724

MARION COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 218,770	$ 207,403	$ 20,221	$ 159,352
Salaries and benefits payable	79,923	700	7,692	46,401
Total liabilities	298,693	208,103	27,913	205,753
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	6,926,000	1,019,000	2,429,000	-
Other	91,459	2,468	8,276	-
Total deferred inflows of resources	7,017,459	1,021,468	2,437,276	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	710,615
Restricted for:				
Supplemental levy purposes	3,034,905	-	207,056	-
Cemetery levy purposes	3,058	-	-	-
Local option sales and services tax purposes	146,777	-	-	-
Courthouse security purposes	56,799	-	-	-
Conservation purposes	553,127	-	-	-
Mental health purposes	-	1,495,172	-	-
Rural services purposes	-	-	660,695	-
Secondary roads purposes	-	-	-	2,772,013
Debt service	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Sheriff's reserve officers	17,856	-	-	-
County Attorney	6,954	-	-	-
Unassigned	5,452,050	-	-	-
Total fund balances	9,271,526	1,495,172	867,751	3,482,628
Total liabilities, deferred inflows of resources and fund balances	$ 16,587,678	$ 2,724,743	$ 3,332,940	$ 3,688,381

See notes to financial statements.

Nonmajor	Total
$ 3,330	$ 609,076
-	134,716
3,330	743,792
143,000	10,517,000
337	102,540
143,337	10,619,540
-	710,615
-	3,241,961
-	3,058
-	146,777
-	56,799
299,499	852,626
-	1,495,172
-	660,695
-	2,772,013
63,542	63,542
61,274	61,274
-	17,856
-	6,954
-	5,452,050
424,315	15,541,392
$ 570,982	$ 26,904,724

MARION COUNTY

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

Total fund balances of governmental funds			$ 15,541,392
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is $59,432,812 and the accumulated depreciation is $26,415,239.			33,017,573
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.			102,540
The Internal Service Funds are used by management to charge the costs of the self-funding of the County's dental insurance benefit plan to individual funds and to account for the County's health and vision insurance and flexible benefits plan. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.			169,441
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.			(4,843)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
	Deferred outflows of resources	$ 913,510	
	Deferred inflows of resources	(1,841,562)	(928,052)
Long-term liabilities, including early retirement, bonds payable, compensated absences payable, net pension liability and net OPEB liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.			(7,339,438)
Net position of governmental activities			$ 40,558,613

See notes to financial statements.

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MARION COUNTY

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

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	$ 7,820,557	$ 1,031,442	$ 2,606,704	$ -
Interest and penalty on property tax	74,783	-	-	-
Intergovernmental	2,501,522	426,297	144,499	4,001,957
Licenses and permits	23,231	-	-	5,979
Charges for service	1,164,877	-	-	29,275
Use of money and property	93,902	-	-	-
Miscellaneous	246,907	208	-	171,225
Total revenues	11,925,779	1,457,947	2,751,203	4,208,436
Expenditures:				
Operating:				
Public safety and legal services	3,730,156	-	202,727	-
Physical health and social services	2,460,595	-	-	-
Mental health	-	937,702	-	-
County environment and education	1,100,647	-	361,054	-
Roads and transportation	407,046	-	310,953	4,909,879
Government services to residents	716,766	-	1,148	-
Administration	2,763,859	-	-	-
Debt service	-	-	-	-
Capital projects	1,111,425	-	-	297,583
Total expenditures	12,290,494	937,702	875,882	5,207,462
Excess (deficiency) of revenues over (under) expenditures	(364,715)	520,245	1,875,321	(999,026)
Other financing sources (uses):				
Sale of capital assets	1	-	-	2,200
Interfund transfers in (note 4)	-	-	-	1,963,377
Interfund transfers out (note 4)	(400,000)	-	(1,863,377)	-
Total other financing sources (uses)	(399,999)	-	(1,863,377)	1,965,577

Nonmajor	Total
$ 143,838	$ 11,602,541
-	74,783
29,510	7,103,785
-	29,210
5,659	1,199,811
538	94,440
278	418,618
179,823	20,523,188
296	3,933,179
-	2,460,595
-	937,702
76,955	1,538,656
-	5,627,878
4,350	722,264
-	2,763,859
448,903	448,903
-	1,409,008
530,504	19,842,044
(350,681)	681,144
-	2,201
300,000	2,263,377
-	(2,263,377)
300,000	2,201

MARION COUNTY

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

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Net change in fund balances	$ (764,714)	$ 520,245	$ 11,944	$ 966,551
Fund balances beginning of year	10,036,240	974,927	855,807	2,516,077
Fund balances end of year	$ 9,271,526	$ 1,495,172	$ 867,751	$ 3,482,628

See notes to financial statements.

	Nonmajor	Total
	$ (50,681)	$ 683,345
	474,996	14,858,047
	$ 424,315	$ 15,541,392

MARION COUNTY

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

Net change in fund balances - total governmental funds		$ 683,345
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. The amount of capital outlay expenditures, contributed capital assets and depreciation expense in the current year are as follows:		
Capital outlay expenditures	$ 1,569,935	
Capital assets contributed by the Iowa Department of Transportation and other entities	1,989,715	
Depreciation expense	(2,549,943)	1,009,707
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	766	
Other	5,673	6,439
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.		385,000
The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		39,130

MARION COUNTY

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

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Early retirement	$ 28,485	
Compensated absences	(27,249)	
Pension expense	391,573	
Net OPEB liability	(20,000)	
Interest on long-term debt	315	$ 373,124
The Internal Service Funds are used by management to charge the costs of the self-funding of the County's dental insurance benefit plan to individual funds and to account for the costs of the County's health and vision insurance and flexible benefits plan. The change in net position of the Internal Service Funds is reported with governmental activities.		13,767
Change in net position of governmental activities		$ 2,510,512

See notes to financial statements.

Exhibit G

MARION COUNTY

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2015

		Internal Service Funds
Assets		
Cash and cash equivalents	$	46,722
Prepaid expenses		138,719
Total assets		185,441
Liabilities		
Claims incurred but not reported		16,000
Fund Net Position		
Unrestricted	$	169,441

See notes to financial statements.

MARION COUNTY

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

	Internal Service Funds
Operating revenues:	
Contributions	$ 1,840,541
Operating expenses:	
Claims	197,168
Insurance premiums	1,621,367
Administrative fees	8,268
Total operating expenses	1,826,803
Operating income	13,738
Non-operating revenues:	
Interest on investments	29
Net income	13,767
Fund net position beginning of year	155,674
Fund net position end of year	$ 169,441

See notes to financial statements.

MARION COUNTY

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

	Internal Service Funds
Cash flows from operating activities:	
Cash received for contributions	$ 1,840,541
Cash payments for claims	(197,168)
Cash payments for insurance premiums	(1,625,871)
Cash payments for fees and other other expenses	(8,268)
Net cash provided by operating activities	9,234
Cash flows from investing activities:	
Interest on investments	29
Net increase in cash and cash equivalents	9,263
Cash and cash equivalents beginning of year	37,459
Cash and cash equivalents end of year	$ 46,722
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 13,738
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in prepaid expenses	(4,504)
Net cash provided by operating activities	$ 9,234

See notes to financial statements.

MARION COUNTY

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

Assets		
Cash and pooled investments:		
County Treasurer	$	2,769,160
Other County officials (note 3)		98,473
Receivables:		
Property tax:		
Delinquent		73,279
Succeeding year		31,338,000
Accounts		96,585
Accrued interest		109
Due from other governments		334,708
Total assets	$	34,710,314
Liabilities		
Accounts payable	$	226,671
Salaries and benefits payable		5,603
Due to other governments (note 6)		34,230,695
Trusts payable		221,314
Compensated absences		26,031
Total liabilities	$	34,710,314

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Marion 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, Marion 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Marion County Assessor's Conference Board, Marion County Emergency Management Commission, Marion County Joint E-911 Service Board and the Mid-Iowa Behavioral Health Region. 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 three 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.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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 two preceding categories. Unrestricted net position is often subject to constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

The General Fund is the main 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.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Additionally, the County reports the following funds:

Proprietary Funds - Internal Service Funds are used 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. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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 are charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

For purposes of the Statement of Cash Flows, all short-term 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.

Note 1. Summary of Significant Accounting Policies (continued)

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

Property Tax Receivable - Property tax receivable is recognized in the governmental 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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 one year.

Asset Class	Amount
Intangibles	$ 250,000
Infrastructure	250,000
Land, buildings and improvements	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-40
Improvements other than buildings	20-40
Infrastructure	10-65
Equipment	3-20
Vehicles	5-20

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Long-term Liabilities – In the government-wide 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.

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

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

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

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

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

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund Equity (continued)

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

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

Unassigned – All amounts not included in preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the debt service function. Disbursements did not exceed departmental appropriations.

Note 2. Cash and Pooled Investments

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

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

The County's funds are all deposited in financial institution depository accounts.

Note 3. Cash – Other County Officials

The following is a summary of cash and investments held by other County officials at June 30, 2015:

Office:		
County Auditor:		
Office fees	$ 45	
Cemetery trusts	3,859	3,904
County Recorder:		
Office fees		47,409
County Sheriff:		
Office fees		47,160
		$ 98,473

Note 4. 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	$ 100,000
	Special Revenue:	
	Rural Services	1,863,377
Debt Service	General	300,000
		$ 2,263,377

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

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 300,281	$ 93,075	$ -	$ 393,356
Construction in progress	298,762	659,502	937,921	20,343
Total capital assets not being depreciated	599,043	752,577	937,921	413,699
Capital assets being depreciated:				
Buildings	14,829,161	915,518	-	15,744,679
Improvements other than buildings	251,987	538,034	-	790,021
Machinery and equipment	10,428,845	616,727	253,777	10,791,795
Infrastructure	30,017,903	1,674,715	-	31,692,618
Total capital assets being depreciated	55,527,896	3,744,994	253,777	59,019,113
Less accumulated depreciation for:				
Buildings	4,710,419	396,672	-	5,107,091
Improvements other than buildings	202,626	29,120	-	231,746
Machinery and equipment	8,272,051	649,566	253,777	8,667,840
Infrastructure	10,933,977	1,474,585	-	12,408,562
Total accumulated depreciation	24,119,073	2,549,943	253,777	26,415,239
Total capital assets being depreciated, net	31,408,823	1,195,051	-	32,603,874
Governmental activities capital assets, net	$ 32,007,866	$ 1,947,628	$ 937,921	$ 33,017,573

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	$	247,605
Physical health and social services		19,834
County environment and education		158,623
Roads and transportation		1,863,949
Government services to residents		4,782
Administration		255,150
Total depreciation expense - governmental activities	$	2,549,943

Note 6. Due to Other Governments

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

Fund	Description		Amount
Agency:			
County Assessor	Collections	$	618,148
Area Schools			859,674
Schools			20,257,077
Corporations			9,419,030
Townships			587,454
Auto License and Use Tax			847,720
Mid-Iowa Behavioral Health Region			530,848
All Other			1,110,744
Total for agency funds		$	34,230,695

Note 7. Long-Term Liabilities

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

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Early retirement	$ 34,789	$ 8,722	$ 37,207	$ 6,304	$ 6,304
General obligation refunding bonds	3,275,000	-	305,000	2,970,000	305,000
General obligation County building and refunding bonds	435,000	-	80,000	355,000	85,000
Compensated absences	527,302	554,551	527,302	554,551	554,551
Net pension liability	5,250,002	-	2,020,419	3,229,583	-
Net OPEB liability	204,000	20,000	-	224,000	-
Total	$ 9,726,093	$ 583,273	$ 2,969,928	$ 7,339,438	$ 950,855

Early Retirement

The County offers an early retirement plan to all employees who qualify for full retirement benefits under the Iowa Public Employees Retirement System.

The early retirement benefit for each employee is 50% of the employee's accumulated sick leave to be paid in a lump sum at the date of the employee's retirement, subject to income tax withholdings. Employees may elect to continue participation in the County's health insurance plan until age 65 but must pay the insurance broker directly. One current year retiree was allowed to retire under the previous plan whereby the County will apply the monetary benefit to the employee's continued participation in the County's health insurance program.

The County offered other early retirement plans in past years. Details of those plans are available upon request of the Marion County Auditor.

At June 30, 2015, the County had obligations to four participants with a total liability of $6,304. Early retirement expenditures for the year totaled $37,207. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements. Early retirement benefits will be paid by the General and Secondary Roads Funds.

Note 7. Long-Term Liabilities (continued)

General Obligation Refunding Bonds

Details of the County's June 30, 2015 general obligation refunding bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	0.85 %	$ 305,000	$ 47,690	$ 352,690
2017	1.05	315,000	45,097	360,097
2018	1.30	320,000	41,790	361,790
2019	1.45	325,000	37,630	362,630
2020	1.60	335,000	32,918	367,918
2021-2024	1.75-2.25	1,370,000	71,469	1,441,469
		$ 2,970,000	$ 276,594	$ 3,246,594

General Obligation County Building and Refunding Bonds

Details of the County's June 30, 2015 general obligation County building and refunding bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.50 %	$ 85,000	$ 10,430	$ 95,430
2017	2.80	85,000	8,305	93,305
2018	3.10	90,000	5,925	95,925
2019	3.30	95,000	3,135	98,135
		$ 355,000	$ 27,795	$ 382,795

Note 8. Pension Plan

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

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

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

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

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

The formula used to calculate a sheriff and deputy and protection occupation member's 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.

Note 8. Pension Plan (continued)

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2015 were $700,794.

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 $3,229,583 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's collective 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 0.081434 which was a decrease of 0.010003 from its collective proportion measured as of June 30, 2013.

Note 8. Pension Plan (continued)

For the year ended June 30, 2015, the County recognized pension expense of $269,891. 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
Difference between expected and actual experience	$ 37,411	$ 46,527
Changes of assumptions	151,915	36,697
Net difference between projected and actual earnings on pension plan investments	-	1,758,127
Changes in proportion and differences between County contributions and proportionate share of contributions	23,390	211
County contributions subsequent to the measurement date	700,794	-
Total	$ 913,510	$ 1,841,562

Note 8. Pension Plan (continued)

$700,794 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 ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Total
2016	$ (409,326)
2017	(409,326)
2018	(409,326)
2019	(409,326)
2020	8,458
	$ (1,628,846)

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 per annum
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.

Note 8. Pension Plan (continued)

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US equity	23%	6.31
Non US equity	15%	6.76
Private equity	13%	11.34
Real estate	8%	3.52
Core plus fixed income	28%	2.06
Credit opportunities	5%	3.67
TIPS	5%	1.92
Other real assets	2%	6.27
Cash	1%	(0.69)
Total	100%	

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability (asset)	$ 7,242,420	$ 3,229,583	$ (154,663)

Note 8. Pension Plan (continued)

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

Note 9. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 146 active and 6 retired members in the plan.

The medical/prescription drug coverage is administered by Wellmark. 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.

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

Annual required contribution	$ 45,000
Interest on net OPEB obligation	9,000
Adjustment to annual required contribution	(12,000)
Annual OPEB cost	42,000
Contributions made	(22,000)
Increase in net OPEB obligation	20,000
Net OPEB obligation beginning of year	204,000
Net OPEB obligation end of year	$ 224,000

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

Note 9. Other Postemployment Benefits (OPEB) (continued)

For the year ended June 30, 2015, the County contributed $22,000 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 69,200	58.1%	$ 178,000
2014	69,000	62.3%	204,000
2015	42,000	52.4%	224,000

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 $352,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $352,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $6,703,000 and the ratio of the UAAL to covered payroll was 5.3%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques 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 projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 5.0%.

Mortality rates are from the RP2014 Mortality Tables with Scale MP-2014, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from Scale T-6 of the Actuary's Pension Handbook.

Note 9. Other Postemployment Benefits (OPEB) (continued)

Projected claim costs of the medical plan are from $718 to $798 per month for retirees less than age 65. The salary increase rate was assumed to be 2.0% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Note 10. Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2015 were $285,228.

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

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

Note 10. Risk Management (continued)

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $100,000 ($150,000 for the County Treasurer), respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Marion County Employee Dental Insurance Plan

Marion County has an administrative services agreement with Delta Dental to administer the self-funded employee dental benefit plan. Monthly payments of service fees and contributions to fund the plan are paid to the Marion County Auditor, trustee for the plan. The monthly payments of service fees and plan contributions are recorded as expenditures at the time of the payment to the trustee. Under the agreement, payments for service fees and paid claims are remitted to Delta Dental on a weekly basis. The County assumes liability for dental claims up to $1,000 per person per year and up to a maximum benefit carry over of $1,000 per person for any unused benefit. The County also assumes liability for orthodontics claims up to a lifetime maximum of $1,000 per person.

Note 10. Employee Health Insurance Plan (continued)

Amounts payable from the Internal Service, Self-Funded Dental Insurance Fund at June 30, 2015 include $16,000 for incurred but not reported (IBNR) claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2014	$	16,000
Incurred claims (including claims incurred but not reported at June 30, 2015)		103,597
Payments		103,597
Unpaid claims at June 30, 2015	$	16,000

Note 11. Construction Commitment

The County has entered into a contract totaling $139,141 for bridge construction. As of June 30, 2015, costs of $110,303 have been incurred against the contract. The balance remaining at June 30, 2015 of $28,838 will be paid as work on the project progresses.

Note 12. Contingent Liabilities

Landfill Closure Assurance Guaranty

The County participates in an agreement with the South Central Iowa Solid Waste Agency, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Agency is to provide economic disposal of solid waste produced or generated within the member counties and municipalities.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and post-closure costs to the Agency have been estimated at $2,559,079. The Agency has begun to accumulate resources to fund these closure costs, and as of June 30, 2015, has $2,559,079 restricted for this purpose. The Agency is required to accumulate the full amount of funds required for closure and post-closure during the life of the landfill. However, it must have additional mechanisms in place at all times during the life of the landfill to equal 100 percent of the current cost estimates. No financial assurance guaranty was required from the County for the fiscal year ended June 30, 2015.

Litigation

The County is involved in two ongoing lawsuits. The County’s insurance carrier is affording coverage for these lawsuits.

Note 13. Marion County Financial Information Included in the Mid-Iowa Behavioral Health Region

Mid-Iowa Behavioral Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Mahaska County and Marion County. The financial activity of Marion County's Special Revenue, Mental Health Fund is included in the Mid-Iowa Behavioral Health Region for the year ended June 30, 2015 as follows:

Revenue:		
Property and other county tax		$ 1,031,442
Intergovernmental revenues:		
State tax credits	$ 68,866	
Social services block grant	324,809	
Other intergovernmental revenues	32,622	426,297
Miscellaneous		208
Total revenues		1,457,947
Expenditures:		
Services to persons with:		
Mental illness	268,731	
Intellectual disability	87,340	
Other developmental disabilities	36,521	392,592
General administration:		
Direct administration	220,301	
Distribution to regional fiscal agent	324,809	545,110
Total expenditures		937,702
Excess of revenues over expenditures		520,245
Fund balance beginning of year		974,927
Fund balance end of year		$ 1,495,172

Note 14. Conduit Bonds

On August 20, 2014, the County issued $8,650,000 of healthcare facilities revenue bonds, with an initial nominal interest rate of 3.82%, for the construction, renovation and remodeling of the Knoxville Community Hospital facilities. The County is acting only as a conduit for the issuance of the bonds. The debt will not be recorded as a County liability and the Knoxville Community Hospital will be directly responsible for the repayment of the bonds. Therefore, no debt transactions related to the issuance of these bonds and future repayment will be recorded in the County's financial records.

Note 15. Accounting Change/Restatement

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

	Governmental Activities
Net position June 30, 2014, as previously reported	$ 42,636,439
Net pension liability at June 30, 2014	(5,250,002)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	661,664
Net position July 1, 2014, as restated	$ 38,048,101

Required Supplementary Information

MARION COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds
Required Supplementary Information
Year Ended June 30, 2015

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
RECEIPTS:				
Property and other County tax	$ 11,588,494	$ 11,434,734	$ 11,434,734	$ 153,760
Interest and penalty on property tax	73,575	53,000	53,000	20,575
Intergovernmental	6,690,280	7,396,418	7,590,266	(899,986)
Licenses and permits	29,082	35,800	35,800	(6,718)
Charges for service	1,198,418	1,028,426	1,028,426	169,992
Use of money and property	97,277	201,960	201,960	(104,683)
Miscellaneous	410,592	88,460	179,460	231,132
Total receipts	20,087,718	20,238,798	20,523,646	(435,928)
DISBURSEMENTS:				
Public safety and legal services	3,910,890	3,920,629	4,074,341	163,451
Physical health and social services	2,404,115	2,488,885	2,681,308	277,193
Mental health	783,158	1,125,940	1,125,940	342,782
County environment and education	1,529,032	1,803,259	1,878,839	349,807
Roads and transportation	5,823,181	6,132,483	6,188,927	365,746
Government services to residents	726,921	846,239	846,239	119,318
Administration	2,773,723	2,716,099	2,933,458	159,735
Debt service	447,903	446,901	446,901	(1,002)
Capital projects	1,445,448	1,427,350	1,822,350	376,902
Total disbursements	19,844,371	20,907,785	21,998,303	2,153,932
Excess (deficiency) of receipts over (under) disbursements	243,347	(668,987)	(1,474,657)	1,718,004
Other financing sources, net	2,201	1,000	1,000	1,201
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	245,548	(667,987)	(1,473,657)	1,719,205
Balance beginning of year	14,081,716	12,233,009	12,233,009	1,848,707
Balance end of year	$ 14,327,264	$ 11,565,022	$ 10,759,352	$ 3,567,912

See accompanying independent auditor's report.

MARION COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information
Year Ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 20,087,718	$ 435,470	$ 20,523,188
Expenditures	19,844,371	(2,327)	19,842,044
Net	243,347	437,797	681,144
Other financing sources, net	2,201	-	2,201
Beginning fund balances	14,081,716	776,331	14,858,047
Ending fund balances	$ 14,327,264	$ 1,214,128	$ 15,541,392

See accompanying independent auditor's report.

MARION COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2015

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, internal service funds, 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, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $1,090,518. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the debt service function. Disbursements did not exceed departmental appropriations.

MARION COUNTY

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

Iowa Public Employee’s Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	2015
County's collective proportion of the net pension liability	0.081434%
County's proportionate share of the net pension liability	$ 3,230
County's covered-employee payroll	$ 7,648
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	42.23%
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.

See accompanying independent auditor's report.

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.

MARION COUNTY

Schedule of the County's Contributions

Iowa Public Employee's Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contribution	$ 701	$ 662	$ 625	$ 594
Contributions in relation to the statutorily required contribution	(701)	(662)	(625)	(594)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered-employee payroll	$ 7,648	$ 7,221	$ 6,967	$ 7,033
Contributions as a percentage of covered-employee payroll	9.17%	9.17%	8.97%	8.45%

See accompanying independent auditor's report.

	2011	2010	2009	2008	2007	2006
	$ 505	$ 457	$ 422	$ 395	$ 356	$ 334
	(505)	(457)	(422)	(395)	(356)	(334)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 6,752	$ 6,500	$ 6,304	$ 6,257	$ 5,797	$ 5,469
	7.48%	7.03%	6.69%	6.31%	6.14%	6.11%

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

MARION COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)
Required Supplementary Information
Year Ended June 30, 2015

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)
2009	July 1, 2008	$ -	$ 502	$ 502	0.0%	$ 6,303	8.0%
2010	July 1, 2008	-	502	502	0.0%	6,500	7.7%
2011	July 1, 2008	-	502	502	0.0%	6,750	7.4%
2012	July 1, 2011	-	641	641	0.0%	7,033	9.1%
2013	July 1, 2011	-	641	641	0.0%	6,283	10.2%
2014	July 1, 2011	-	641	641	0.0%	6,475	9.9%
2015	July 1, 2014	-	352	352	0.0%	6,703	5.3%

See note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

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Supplementary Information

MARION COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Sheriff's Forfeiture	Attorney's Forfeiture
Assets				
Cash and pooled investments	$ 24,303	$ 301,736	$ 36,070	$ 310
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	591	-	-	-
Accrued interest	-	93	-	-
Total assets	$ 24,894	$ 301,829	$ 36,070	$ 310
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ 2,330	$ -	$ -
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Records management purposes	24,894	-	-	-
Resource enhancement and protection	-	299,499	-	-
Public safety purposes	-	-	36,070	310
Debt service	-	-	-	-
Total fund balances	24,894	299,499	36,070	310
Total liabilities, deferred inflows of resources and fund balances	$ 24,894	$ 301,829	$ 36,070	$ 310

See accompanying independent auditor's report.

	Debt Service	Total
	$ 64,459	$ 426,878
	353	353
	143,000	143,000
	-	591
	67	160
	$ 207,879	$ 570,982
	$ 1,000	$ 3,330
	143,000	143,000
	337	337
	143,337	143,337
	-	24,894
	-	299,499
	-	36,380
	63,542	63,542
	63,542	424,315
	$ 207,879	$ 570,982

MARION COUNTY

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

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Sheriff's Forfeiture	Attorney's Forfeiture
Revenues:				
Property and other County tax	$ -	$ -	$ -	$ -
Intergovernmental	-	20,013	-	-
Charges for service	5,659	-	-	-
Use of money and property	26	368	-	-
Miscellaneous	-	-	158	120
Total revenues	5,685	20,381	158	120
Expenditures:				
Operating:				
Public safety and legal services	-	-	1	295
County environment and education	-	76,955	-	-
Government services to residents	4,350	-	-	-
Debt service	-	-	-	-
Total expenditures	4,350	76,955	1	295
Excess (deficiency) of revenues over (under) expenditures	1,335	(56,574)	157	(175)
Other financing sources:				
Interfund transfers in	-	-	-	-
Net change in fund balances	1,335	(56,574)	157	(175)
Fund balances beginning of year	23,559	356,073	35,913	485
Fund balances end of year	$ 24,894	$ 299,499	$ 36,070	$ 310

See accompanying independent auditor's report.

	Debt Service	Total
	$ 143,838	$ 143,838
	9,497	29,510
	-	5,659
	144	538
	-	278
	153,479	179,823
	-	296
	-	76,955
	-	4,350
	448,903	448,903
	448,903	530,504
	(295,424)	(350,681)
	300,000	300,000
	4,576	(50,681)
	58,966	474,996
	$ 63,542	$ 424,315

MARION COUNTY

COMBINING SCHEDULE OF FUND NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015

	Health Insurance	Self-Funded Dental Insurance	Vision Insurance	Flexible Benefits Plan	Total
Assets					
Cash and cash equivalents	$ 223	$ 27,871	$ 6,369	$ 12,259	$ 46,722
Prepaid expenses	138,719	-	-	-	138,719
Total assets	138,942	27,871	6,369	12,259	185,441
Liabilities					
Claims incurred but not reported	-	16,000	-	-	16,000
Fund Net Position					
Unrestricted	$ 138,942	$ 11,871	$ 6,369	$ 12,259	$ 169,441

See accompanying independent auditor's report.

MARION COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year ended June 30, 2015

	Health Insurance	Self-Funded Dental Insurance	Vision Insurance	Flexible Benefits Plan	Total
Operating revenues:					
Contributions	$ 1,606,768	$ 121,104	$ 18,654	$ 94,015	$ 1,840,541
Operating expenses:					
Claims	-	103,597	-	93,571	197,168
Insurance premiums	1,602,280	-	19,087	-	1,621,367
Administrative fees	18	8,250	-	-	8,268
Total operating expenses	1,602,298	111,847	19,087	93,571	1,826,803
Operating income (loss)	4,470	9,257	(433)	444	13,738
Non-operating revenues:					
Interest on investments	-	29	-	-	29
Net income (loss)	4,470	9,286	(433)	444	13,767
Fund net position beginning of year	134,472	2,585	6,802	11,815	155,674
Fund net position end of year	$ 138,942	$ 11,871	$ 6,369	$ 12,259	$ 169,441

See accompanying independent auditor's report.

MARION COUNTY

COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2015

	Health Insurance	Self-Funded Dental Insurance	Vision Insurance	Flexible Benefits Plan	Total
Cash flows from operating activities:					
Cash received for contributions	$ 1,606,768	$ 121,104	$ 18,654	$ 94,015	$ 1,840,541
Cash payments for claims	-	(103,597)	-	(93,571)	(197,168)
Cash payments for insurance premiums	(1,606,784)	-	(19,087)	-	(1,625,871)
Cash payments for fees and other expenses	(18)	(8,250)	-	-	(8,268)
Net cash provided by (used by) operating activities	(34)	9,257	(433)	444	9,234
Cash flows from investing activities:					
Interest on investments	-	29	-	-	29
Net increase (decrease) in cash and cash equivalents	(34)	9,286	(433)	444	9,263
Cash and cash equivalents beginning of year	257	18,585	6,802	11,815	37,459
Cash and cash equivalents end of year	$ 223	$ 27,871	$ 6,369	$ 12,259	$ 46,722
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:					
Operating income (loss)	$ 4,470	$ 9,257	$ (433)	$ 444	$ 13,738
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:					
(Increase) in prepaid expenses	(4,504)	-	-	-	(4,504)
Net cash provided by (used by) operating activities	$ (34)	$ 9,257	$ (433)	$ 444	$ 9,234

See accompanying independent auditor's report.

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MARION COUNTY

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

	County Offices			Board of Supervisors
	County Auditor	County Recorder	County Sheriff	Congregate Meals
ASSETS				
Cash and pooled investments:				
County Treasurer	$ -	$ -	$ -	$ 160,662
Other County officials	3,904	47,409	47,160	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	726	-	-
Accrued interest	-	-	-	20
Due from other governments	-	-	-	-
Total assets	$ 3,904	$ 48,135	$ 47,160	$ 160,682
LIABILITIES				
Accounts payable	$ 45	$ 21,684	$ 27,938	$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	-	26,451	-	-
Trusts payable	3,859	-	19,222	160,682
Compensated absences	-	-	-	-
Total liabilities	$ 3,904	$ 48,135	$ 47,160	$ 160,682

Agricultural Extension Education	County Assessor	Area Schools	Schools	Corporations	E-911 Surcharge	Veteran Affairs
$ 2,502	$ 214,687	$ 8,520	$ 272,170	$ 77,858	$ 344,110	$ 451
-	-	-	-	-	-	-
629	1,034	2,154	52,907	14,172	-	-
248,000	407,000	849,000	19,932,000	9,327,000	-	-
-	12	-	-	-	29,184	-
-	-	-	-	-	89	-
-	-	-	-	-	29,619	-
$ 251,131	$ 622,733	$ 859,674	$ 20,257,077	$ 9,419,030	$ 403,002	$ 451
$ -	$ 1,415	$ -	$ -	$ -	$ 2,944	$ -
-	-	-	-	-	618	-
251,131	618,148	859,674	20,257,077	9,419,030	399,440	451
-	-	-	-	-	-	-
-	3,170	-	-	-	-	-
$ 251,131	$ 622,733	$ 859,674	$ 20,257,077	$ 9,419,030	$ 403,002	$ 451

MARION COUNTY

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

	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
ASSETS				
Cash and pooled investments:				
County Treasurer	$ 18,085	$ 4,463	$ 847,720	$ 42
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	2,369	-	-	11
Succeeding year	567,000	-	-	4,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 587,454	$ 4,463	$ 847,720	$ 4,053
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	587,454	4,463	847,720	4,053
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	$ 587,454	$ 4,463	$ 847,720	$ 4,053

Title III	Fire District	Emergency Management	Jail Canteen	Chore Service	Recorder's Electronic Transaction Fee
$ 4,277	$ 18	$ 149,602	$ 143,382	$ 1,593	$ 467
-	-	-	-	-	-
-	3	-	-	-	-
-	4,000	-	-	-	-
51,948	-	85	11,529	2,516	585
-	-	-	-	-	-
22,570	-	29,138	-	-	-
$ 78,795	$ 4,021	$ 178,825	$ 154,911	$ 4,109	$ 1,052
$ 35,753	$ -	$ 674	$ 2,366	$ 2,627	$ -
4,273	-	712	-	-	-
27,998	4,021	171,105	152,545	-	1,052
-	-	-	-	1,482	-
10,771	-	6,334	-	-	-
$ 78,795	$ 4,021	$ 178,825	$ 154,911	$ 4,109	$ 1,052

MARION COUNTY

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

	Advance Tax Payments	Local Option Sales and Services Tax	Pella Senior Activity
ASSETS			
Cash and pooled investments:			
County Treasurer	$ 34,599	$ -	$ 1,549
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	68,000	-
Total assets	$ 34,599	$ 68,000	$ 1,549
LIABILITIES			
Accounts payable	$ -	$ -	$ 79
Salaries and benefits payable	-	-	-
Due to other governments	-	68,000	-
Trusts payable	34,599	-	1,470
Compensated absences	-	-	-
Total liabilities	$ 34,599	$ 68,000	$ 1,549

See accompanying independent auditor's report.

Anatomical Gift, Public Awareness and Transportation	Mid-Iowa Behavioral Health Region	Total
$ 34	$ 482,369	$ 2,769,160
-	-	98,473
-	-	73,279
-	-	31,338,000
-	-	96,585
-	-	109
-	185,381	334,708
$ 34	$ 667,750	$ 34,710,314
$ -	$ 131,146	$ 226,671
-	-	5,603
34	530,848	34,230,695
-	-	221,314
-	5,756	26,031
$ 34	$ 667,750	$ 34,710,314

MARION COUNTY

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

	County Offices			Board of Supervisors
	County Auditor	County Recorder	County Sheriff	Congregate Meals
ASSETS AND LIABILITIES				
Balances beginning of year	$ 3,928	$ 42,302	$ 45,871	$ 160,442
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Local option sales and services tax	-	-	-	-
Payments in lieu of real estate taxes	-	-	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	498	481,951	382,322	-
Auto licenses, use tax, drivers licenses and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	8	-	745,345	240
Emergency management performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	506	481,951	1,127,667	240
Deductions:				
Agency remittances:				
To other funds	530	206,546	370,630	-
To other governments	-	269,572	5,004	-
Trusts paid out	-	-	750,744	-
Total deductions	530	476,118	1,126,378	-
Balances end of year	$ 3,904	$ 48,135	$ 47,160	$ 160,682

Agricultural Extension Education	County Assessor	Area Schools	Schools	Corporations	E-911 Surcharge	Veteran Affairs
$ 247,861	$ 605,202	$ 843,091	$ 19,482,806	$ 9,424,631	$ 336,685	$ 450
247,167	406,070	847,411	19,901,869	9,166,464	-	-
16,301	25,906	55,505	1,288,001	673,559	-	-
-	-	-	-	-	-	-
130	206	442	151,953	10,603	-	-
-	-	-	-	-	443,737	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	284	1
-	282	-	-	-	1,561	-
263,598	432,464	903,358	21,341,823	9,850,626	445,582	1
-	-	-	-	-	-	-
260,328	414,933	886,775	20,567,552	9,856,227	379,265	-
-	-	-	-	-	-	-
260,328	414,933	886,775	20,567,552	9,856,227	379,265	-
$ 251,131	$ 622,733	$ 859,674	$ 20,257,077	$ 9,419,030	$ 403,002	$ 451

MARION COUNTY

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

	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
ASSETS AND LIABILITIES				
Balances beginning of year	$ 551,778	$ 4,182	$ 743,723	$ 4,048
Additions:				
Property and other County tax	575,051	-	-	4,170
State tax credits	31,926	-	-	279
Local option sales and services tax	-	-	-	-
Payments in lieu of real estate taxes	21,789	-	-	2
E-911 surcharge	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax, drivers licenses and postage	-	-	9,318,159	-
Assessments	-	21,837	-	-
Trusts	-	-	-	-
Emergency management performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	628,766	21,837	9,318,159	4,451
Deductions:				
Agency remittances:				
To other funds	-	-	337,491	-
To other governments	593,090	21,556	8,876,671	4,446
Trusts paid out	-	-	-	-
Total deductions	593,090	21,556	9,214,162	4,446
Balances end of year	$ 587,454	$ 4,463	$ 847,720	$ 4,053

Title III	Tax Sale Redemption	Fire District	Emergency Management	Jail Canteen	Chore Service	Recorder's Electronic Transaction Fee
$ 48,885	$	$ 4,022	$ 139,541	$ 135,331	$ 3,875	$ 916
-	-	3,536	-	-	-	-
-	-	224	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	5,659
-	-	-	-	-	-	-
-	-	-	-	-	-	-
504,589	382,096	-	-	-	21,093	-
-	-	-	29,138	-	-	-
-	-	-	-	-	-	-
-	-	-	159,830	55,518	-	-
504,589	382,096	3,760	188,968	55,518	21,093	5,659
-	-	-	-	-	-	-
-	-	3,761	149,684	35,938	-	5,523
474,679	382,096	-	-	-	20,859	-
474,679	382,096	3,761	149,684	35,938	20,859	5,523
$ 78,795	$ -	$ 4,021	$ 178,825	$ 154,911	$ 4,109	$ 1,052

MARION COUNTY

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

	Advance Tax Payments	Local Option Sales and Services Tax	Pella Senior Activity
ASSETS AND LIABILITIES			
Balances beginning of year	$ 27,419	$ 68,000	$ -
Additions:			
Property and other County tax	-	-	-
State tax credits	-	-	-
Local option sales and services tax	-	442,000	-
Payments in lieu of real estate taxes	-	-	-
E-911 surcharge	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax, drivers licenses and postage	-	-	-
Assessments	-	-	-
Trusts	25,960	-	3,478
Emergency management performance grants	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total additions	25,960	442,000	3,478
Deductions:			
Agency remittances:			
To other funds	-	-	-
To other governments	-	442,000	-
Trusts paid out	18,780	-	1,929
Total deductions	18,780	442,000	1,929
Balances end of year	$ 34,599	$ 68,000	$ 1,549

See accompanying independent auditor's report.

Anatomical Gift, Public Awareness and Transportation	Mid-Iowa Behavioral Health Region	Total
$ 46	$ 336,825	$ 33,261,860
-	-	31,151,738
-	-	2,091,701
-	-	442,000
-	-	185,125
-	-	443,737
-	-	870,430
-	-	9,318,159
-	-	21,837
-	-	1,682,809
-	-	29,138
-	269	554
462	923,348	1,141,001
462	923,617	47,378,229
-	-	915,197
474	592,692	43,365,491
-	-	1,649,087
474	592,692	45,929,775
$ 34	$ 667,750	$ 34,710,314

MARION COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2015	2014	2013	2012
Revenues:				
Property and other County tax	$ 11,602,541	$ 11,883,798	$ 11,373,812	$ 11,082,344
Interest and penalty on property tax	74,783	77,299	79,376	93,120
Intergovernmental	7,103,785	6,778,769	6,402,819	8,030,587
Licenses and permits	29,210	27,973	29,467	34,188
Charges for service	1,199,811	1,163,008	1,216,537	1,130,308
Use of money and property	94,440	94,269	99,373	121,742
Miscellaneous	418,618	119,729	463,018	381,530
Total	$ 20,523,188	$ 20,144,845	$ 19,664,402	$ 20,873,819
Expenditures:				
Operating:				
Public safety and legal services	$ 3,933,179	$ 3,753,223	$ 3,451,905	$ 3,315,442
Physical health and social services	2,460,595	2,369,795	2,355,776	2,451,806
Mental health	937,702	1,125,801	1,844,404	3,094,667
County environment and education	1,538,656	1,420,940	1,330,408	1,314,598
Roads and transportation	5,627,878	5,604,045	5,665,612	6,059,001
Government services to residents	722,264	701,849	693,111	606,168
Administration	2,763,859	2,522,194	2,237,283	2,261,425
Debt service	448,903	519,766	485,757	585,323
Capital projects	1,409,008	802,696	406,741	1,367,031
Total	$ 19,842,044	$ 18,820,309	$ 18,470,997	$ 21,055,461

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
$ 10,581,178	$ 10,134,344	$ 9,768,915	$ 9,189,865	$ 9,274,345	$ 8,916,108
106,281	95,927	94,916	95,094	92,313	82,702
7,512,500	7,821,660	8,805,960	6,789,833	5,858,139	6,049,533
31,417	32,524	18,115	16,897	15,643	18,383
1,194,318	1,197,183	1,160,761	1,912,090	1,627,868	1,449,997
170,984	168,061	206,243	395,560	388,924	387,617
699,007	444,028	435,436	620,346	404,097	599,682
$ 20,295,685	$ 19,893,727	$ 20,490,346	$ 19,019,685	$ 17,661,329	$ 17,504,022
$ 3,162,622	$ 3,029,931	$ 3,015,604	$ 2,837,709	$ 2,494,360	$ 2,250,878
2,516,784	2,364,667	2,347,248	2,354,699	1,905,738	1,900,406
2,460,887	2,418,348	2,278,438	2,885,427	2,679,212	2,412,897
1,490,243	1,246,594	1,205,327	1,167,909	1,109,158	1,023,321
6,764,906	5,850,704	6,348,573	5,701,926	5,595,033	5,393,024
623,063	596,528	625,144	523,828	514,848	744,153
2,086,466	2,101,628	2,099,462	1,991,003	1,842,881	1,967,014
549,444	728,109	465,829	459,716	463,023	579,104
1,294,048	714,991	574,977	658,409	2,396,298	3,800,454
$ 20,948,463	$ 19,051,500	$ 18,960,602	$ 18,580,626	$ 19,000,551	$ 20,071,251

MARION COUNTY

SCHEDULE OF TITLE III ACTIVITY
Year Ended June 30, 2015

Additions:		
Special programs for the aging - Title III, Part C nutrition services	$ 117,284	
Elderly waiver	50,377	
Donations and contributions	336,928	$ 504,589
Deductions:		
Salaries and benefits	218,410	
Food and provisions	148,384	
Supplies	7,567	
Travel and training	5,976	
Telephone and utilities	6,090	
Trash removal	966	
Rental building	20,306	
Equipment and repair	47,816	
Miscellaneous	19,164	474,679
Net		29,910
Balance beginning of year		48,885
Balance end of year		$ 78,795

See accompanying independent auditor's report.

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MARION COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND BALANCES – IOWA DEPARTMENT OF PUBLIC HEALTH
Year Ended June 30, 2015

	Women, Infants and Children 5884AO53	Women, Infants and Children 5885AO53	Maternal Child Health 5884MH06	Maternal Child Health 5885MH06	Maternal Child Health 5884DH03
Revenues:					
Federal	$ 118,276	$ 291,111	$ 4,408	$ 27,550	$ 3,858
State	-	-	-	15,535	-
Other	-	-	15,768	52,640	-
Total	118,276	291,111	20,176	95,725	3,858
Expenditures:					
Salaries and benefits	67,910	214,513	18,024	81,719	-
Contracted providers	4,373	10,197	-	1,331	-
Administration/indirect costs	15,014	37,909	1,330	4,274	120
Miscellaneous	30,979	28,492	822	8,401	3,738
Total	118,276	291,111	20,176	95,725	3,858
Balance	$ -	$ -	$ -	$ -	$ -

See accompanying independent auditor's report.

Maternal Child Health 5885DH03	Immunization Action Plan 5884I488	Immunization Action Plan 5885I488	Public Health Emergency and Hospital Preparedness 5885BT42	Community Transformation Grants 5884HP14
$ 10,374	$ 8,498	$ 6,215	$ 65,032	$ 37,161
-	-	2,109	-	-
1,900	-	-	-	-
12,274	8,498	8,324	65,032	37,161
4,500	4,912	5,948	32,690	9,247
-	-	-	-	-
562	-	-	5,913	2,202
7,212	3,586	2,376	26,429	25,712
12,274	8,498	8,324	65,032	37,161
$ -	$ -	$ -	$ -	$ -

MARION COUNTY

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

Grantor/Program	CFDA Number	Pass-through Grantor Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5884AO53	$ 118,276
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5885AO53	291,111
			409,387
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LAE SFY 15	16,818
Iowa Department of Agriculture:			
WIC Farmers' Market Nutrition Program	10.572	FY 14	360
WIC Farmers' Market Nutrition Program	10.572	FY 15	269
			629
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	13 WS-012	2,458
U.S. Department of of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS63(115)	83,830
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	14-405d, Task 4	1,884
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	14-405d, Task 35	3,891
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	15-405, Task 4	1,225
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	15-402, Task 5	14,939
			21,939

MARION COUNTY

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

Grantor/Program	CFDA Number	Pass-through Grantor Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Aging Resources of Central Iowa:			
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	FY 15	$ 117,284
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566	LAE SFY 15	39
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	LAE SFY 15	4,399
Foster Care - Title IV-E	93.658	LAE SFY 15	6,469
Adoption Assistance	93.659	LAE SFY 15	2,032
Social Services Block Grant	93.667	LAE SFY 15	5,125
Children's Health Insurance Program	93.767	LAE SFY 15	104
Medical Assistance Program	93.778	LAE SFY 15	31,804
Iowa Department of Public Health:			
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	5885BT42	65,032
Immunization Cooperative Agreements	93.268	5885I488	2,196
Immunization Cooperative Agreements	93.268	5884I488	4,227
			6,423
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5885NB18	4,935
PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	5884HP14	37,161

MARION COUNTY

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

Grantor/Program	CFDA Number	Pass-through Grantor Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Iowa Department of Public Health (continued):			
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	5885I488	$ 4,019
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	5884I488	4,271
			8,290
Maternal and Child Health Services Block Grant to the States	93.994	5885DH03	10,374
Maternal and Child Health Services Block Grant to the States	93.994	5884DH03	3,858
Maternal and Child Health Services Block Grant to the States	93.994	5885MH06	27,550
Maternal and Child Health Services Block Grant to the States	93.994	5884MH06	4,408
			46,190
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security:			
Hazard Mitigation Grant	97.039	HMG-15	2,207
Emergency Management Performance Grants	97.042	EMPG-15	29,138
Total			$ 901,693

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Marion County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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.

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

To the Officials of Marion County:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion County, Iowa, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 11, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 deficiencies in internal control over financial reporting we consider to be material weaknesses and significant deficiencies.

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

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 Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a significant deficiency.

Compliance

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

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

Marion County's Responses to the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Marion 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.

Hunt & Associates, P.C.

Oskaloosa, Iowa
March 11, 2016

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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 Officials of Marion County:

Report on Compliance for Each Major Federal Program

We have audited Marion County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Marion County'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 grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Marion County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 Marion County'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 of the major federal programs. However, our audit does not provide a legal determination of Marion County's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

In planning and performing our audit of compliance, we considered Marion County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures 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 Marion County's internal control over compliance.

A deficiency in internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance 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 is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, 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. Given these limitations, during our audit 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.

Purpose of this Report

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.

Hunt & Associates, P.C.

Oskaloosa, Iowa
March 11, 2016

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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

(a) Unmodified opinions were issued on all opinion units.

(b) A significant deficiency and a material weakness in internal control over financial reporting were reported.

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

(d) No material weaknesses in internal control over major programs were reported.

(e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:
- CFDA Number 10.557 Special Supplemental Nutrition Program for Woman, Infants, and Children
- CFDA Number 20.205 Highway Planning and Construction

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

(i) Marion County did not qualify as a low-risk auditee.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that 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 generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Recorder, Treasurer
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Recorder, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Recorder, Sheriff

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

Part II: Findings Related to the Basic Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

II-A-15 Segregation of Duties (continued)

Responses –

County Recorder – We will review procedures and try to make any necessary changes to improve internal control.

County Sheriff - We will review procedures and try to make any necessary changes to improve internal control.

County Treasurer – We have improved procedures during the year and will try to make any necessary changes to improve internal control in the future.

Conclusion – Responses accepted.

II-B-15 Financial Reporting – During the audit, we identified material amounts of receivables and payables not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and included in the County's financial statements so that the financial statements are free of material misstatements.

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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 exceeded the amount budgeted in the debt service function. Disbursements did not exceed departmental appropriations.

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

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

Conclusion – Response accepted.

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 were noted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Dawn Allspach-Kline, employee, Spouse owns Kline's Quick Time	Auto repair/maintenance services	$1,429

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transaction does not represent a conflict of interest since the cumulative amount was less than $1,500 during the fiscal year.

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 periodically to ensure that the coverage remains adequate for current operations.

IV-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

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

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

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 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.