MITCHELL COUNTY

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

June 30, 2015

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MITCHELL COUNTY
Osage, Iowa

OFFICIALS

(Before January 2015)

Joel Voaklander	Board of Supervisors	Jan 2015
Shannon Paulus	Board of Supervisors	Jan 2015
Stan Walk	Board of Supervisors	Jan 2017
Lowell Tesch	County Auditor	Jan 2017
Pamela Meyer	County Treasurer	Jan 2015
Pat Skuster	County Recorder	Jan 2015
Greg Beaver	County Sheriff	Jan 2017
Mark Walk	County Attorney	Jan 2015
Amy Folkerts	County Assessor	Appointed

(After January 2015)

Joel Voaklander	Board of Supervisors	Jan 2019
Shannon Paulus	Board of Supervisors	Jan 2019
Stan Walk	Board of Supervisors	Jan 2017
Lowell Tesch	County Auditor	Jan 2017
Pamela Meyer	County Treasurer	Jan 2019
Pat Skuster	County Recorder	Jan 2019
Greg Beaver	County Sheriff	Jan 2017
Mark Walk	County Attorney	Jan 2019
Amy Folkerts	County Assessor	Appointed

Renner & Birchem, PC
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Independent Auditor's Report

To the Board of Supervisors
Mitchell County
Osage, Iowa

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material 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 and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 7 to the financial statements, Mitchell County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No.27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S generally accepted accounting principles require 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 6 through 10 and 43 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mitchell 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 years ended June 30, 2014, 2013, 2012, 2011, 2010, 2009, and 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements and supplemental data for the years ended June 30, 2007 and 2006 (none of which are presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report who expressed unqualified opinions on those financial statements and supplemental data. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2016 on our consideration of Mitchell County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mitchell County's internal control over financial reporting and compliance.

Renner & Birchem, PC

March 25, 2016

Renner & Birchem, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 38.5% or approximately $4,556,000, from fiscal 2014 to fiscal 2015. Property taxes increased approximately $1,375,000, operating grants and contributions increased approximately $244,000, capital grants and contributions increased approximately $1,126,000 and charges for services increased $171,000.

- Program expenses were 9.0% or approximately $1,128,000 more in fiscal 2015 than in fiscal 2014. Roads and transportation increased approximately $427,000.

- The County's net position increased 52.3%, or approximately $2,718,000 from June 30, 2014 to June 30, 2015.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Mitchell 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 Mitchell County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Mitchell County acts solely as an agent or custodian for the benefit of those outside of the County government (Agency Funds).

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

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

Supplementary Information provides detailed information about the non-major Special Revenue and the individual Agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two types of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Mitchell County's combined net position increased from a year ago, increasing from $7,736,000 to $7,918,000.

Net Position of Governmental Activities
(Expressed in Thousands)

	June 30	
	2015	2014 (Not restated)
Current and Other Assets	$14,709	22,696
Capital Assets	45,090	32,315
Total Assets	59,799	55,011
Deferred outflows of resources	458	
Long-Term Debt Outstanding	42,720	39,480
Other Liabilities	1,647	1,020
Total Liabilities	44,367	40,500
Deferred inflows of resources	7,972	6,775

Net Position:		
Invested in Capital Assets, Net of debt	4,593	3,754
Restricted	4,208	1,532
Unrestricted	(883)	2,450
Total Net Position	$7,918	7,736

Net position of the County's governmental activities increased by approximately 2.4%, $7,736,000 compared to $7,918,000. The largest portion of the County's net position is the Invested in Capital Assets (infrastructure, buildings and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets. Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by $2,536,040 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30	
Program Revenues:	2015	2014 (Not restated)
Charges for service	$ 924	753
Operating grants and contributions	3,858	3,614
Capital grants and contributions	1,175	49
Property taxes	6,216	4,841
Unrestricted investments earnings	58	48
Other general revenues	4,171	2,541
Total revenues	16,402	11,846
Program Expenses:		
Public safety and legal services	1,541	1,445
Physical health and social services	1,625	1,556
Mental health	518	551
County environment and education	1,322	969
Roads and transportation	5,424	4,997
Government services to residents	443	372
Administration	2,255	2,061
Non-program	35	69
Interest on long-term debt	521	536
Total expenses	13,684	12,556
Increase (decrease) in net position	2,718	(710)
Net position beginning of year, as restated	5,200	8,446
Net position end of year	$7,918	7,736

The County's revenue increased 38.5% ($4,556,000). The total cost of programs and services increased 9.0%, ($1,128,000) with no new programs added this year.

The cost of all governmental activities this year was $13.7 million compared to $12.6 million last year. However, as shown in the Statement of Activities on page 13, the amount ultimately financed for these activities through County taxes and other unrestricted revenues was only $7.7 million because some of the cost was paid by those directly benefited from the programs ($924,174) or by governments and organizations that subsidized certain programs with grants and contributions ($5,032,270).

INDIVIDUAL MAJOR FUNDS

As Mitchell County completed the year, its governmental funds reported a combined fund balance of $5,985,768, which is

$8,840,621 below last year's total of $14,826,389. The following are the major reasons for the changes in fund balances from the prior year.

General Basic – Decrease of $773,066 due to a decrease in miscellaneous revenue.

Mental Health – Decrease of $3,761 due to normal operations.

Rural Services- Increase of $85,371 due to normal operations.

Secondary Roads –Decrease of $118,677 due to normal operations.

Urban Renewal– Increase of $370,994 due to normal operations.

Capital Projects – Decrease of $8,673,223 due to ongoing projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, Mitchell County amended its budget two times. Total increase of expenditures was $12,600,894.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Mitchell County had approximately $45.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately $12,775,462.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30	
	2015	2014
Land	$ 2,586	2,586
Construction in Progress	21,696	9,889
Buildings and Improvements	3,664	3,782
Equipment and vehicles	2,994	1,614
Infrastructure	14,151	14,444
Total	$45,091	32,315

The County had depreciation expense of $1,481,143 for the year ended June 30, 2015 and total accumulated depreciation as of June 30, 2015 of $11,316,529.

Debt Administration

At June 30, 2015, the County had approximately $40,499,000 in general obligation bonds and other debt outstanding compared to approximately $39,135,000 at June 30, 2014, as shown below.

Outstanding Debt of Governmental Activities at Year-End
(Expressed in Thousands)

	June 30	
	2015	2014
LOSST Bonds		190
G.O. Capital Loan Notes	$38,100	37,283
Loan Agreements	2,397	1,659
Drainage Improvement Certificates	2	3
Total	$40,499	39,135

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Mitchell County's outstanding general obligation debt is below its constitutional debt limit of approximately $67 million. More detail about the County's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Mitchell 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 which includes oil, gas prices and utility costs. Others include land valuations and the consumer price index (CPI). The County has added no major programs or initiative 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 the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, 212 South 5th Street, Osage, Iowa.

BASIC FINANCIAL STATEMENTS

Mitchell County
Osage, Iowa

Exhibit A

Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and pooled investments	$ 6,822,939
Receivables:	
Property tax:	
Delinquent	6,696
Succeeding year	7,009,749
Accounts	479,178
Interest	3,539
Drainage assessments	1,955
Due from other governments	88,422
Inventories	296,718
Capital assets (net of accumulated depreciation)	45,090,059
Total assets	59,799,255
Deferred Outflows of Resources	
Pension related deferred outflows	457,590
Liabilities	
Accounts payable	1,611,428
Salaries and benefits payable	36,490
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	3,075,000
Loan agreements	307,826
Drainage certificates payable	652
Compensated absences	209,099
Portion due or payable after one year:	
General obligation notes	35,025,000
Loan agreements	2,089,583
Drainage certificates payable	1,303
Net pension liability	1,816,414
Net OPEB liability	193,751
Total liabilities	44,366,546
Deferred Inflows of Resources	
Unavailable property tax revenue	7,009,749
Pension related deferred inflows	962,567
Total deferred inflows of resources	7,972,316
Net Position	
Invested in capital assets, net of related debt	4,592,650
Restricted for:	
Mental health purposes	136,942
Secondary roads purposes	522,455
Other purposes	3,548,908
Unrestricted	(882,972)
Total net position	$ 7,917,983

See notes to financial statements.

Exhibit B

Mitchell County
Osage, Iowa

Statement of Activities
Year ended June 30, 2015

		Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 1,541,311	82,819			(1,458,492)
Physical health and social services	1,625,021	160,269	809,177		(655,575)
Mental health	517,782	115,812	4,538		(397,432)
County environment and education	1,321,815		13,006		(1,308,809)
Roads & transportation	5,423,604	142,756	2,691,420	1,174,571	(1,414,857)
Governmental services to residents	443,109	422,518	339,558		318,967
Administrative services	2,255,087				(2,255,087)
Non-program	34,902				(34,902)
Interest/fees on long-term debt	521,019				(521,019)
Total	**$ 13,683,650**	**924,174**	**3,857,699**	**1,174,571**	**(7,727,206)**
General Revenues:					
Property and other county tax levied for:					
General purposes					6,216,369
Penalty and interest on property tax					25,952
State tax credits					728,522
Tax increment financing					1,826,264
Local option sales tax					570,470
Unrestricted investment earnings					58,643
Miscellaneous					1,018,717
Total general revenues					10,444,937
Change in net assets					**2,717,731**
Net position beginning of year, as restated					**5,200,252**
Net position end of year					**$ 7,917,983**

See notes to financial statements.

Exhibit C

Mitchell County
Osage, Iowa
Balance Sheet
Governmental Funds
June 30, 2015

	General	Special Revenue						
		Mental Health	Rural Services	Secondary Roads	Urban Renewal	Capital Projects	Nonmajor	Total
Assets								
Cash and pooled investments	$1,766,818	138,153	196,255	986,383	427,339	2,424,811	883,180	6,822,939
Receivables:								
Property tax:								
Delinquent	3,734	574	2,388					6,696
Succeeding year	2,897,952	368,941	1,725,238				2,017,618	7,009,749
Accounts	207,635			248,287		(360)	23,616	479,178
Accrued interest	3,455						84	3,539
Drainage assessments							1,955	1,955
Due from other governments							31,312	31,312
Inventories				296,718				296,718
Total assets	**$4,879,594**	**507,668**	**1,923,881**	**1,531,388**	**427,339**	**2,424,451**	**2,957,765**	**14,652,086**
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts payable	$ 179,359	328	5,840	641,145		782,974	1,782	1,611,428
Salaries and benefits payable	20,606	883	561	14,440				36,490
Total liabilities	199,965	1,211	6,401	655,585		782,974	1,782	1,647,918
Deferred inflows of resources:								
Unavailable revenues:								
Succeeding year property tax	2,897,952	368,941	1,725,238				2,017,618	7,009,749
Other	3,734	574	2,388				1,955	8,651
Total deferred inflows of resources	2,901,686	369,515	1,727,626				2,019,573	7,018,400
Fund balances:								
Nonspendable:								
Inventories				296,718				296,718
Restricted for:								
Mental health purposes		136,942						136,942
Rural services purposes			189,854					189,854
Secondary road purposes				579,085				579,085
Drainage							12,932	12,932
Debt service							3,003	3,003
Capital projects						1,641,477		1,641,477
Other purposes					427,339		920,475	1,347,814
Unassigned	1,777,943							1,777,943
Total fund balances	1,777,943	136,942	189,854	875,803	427,339	1,641,477	936,410	5,985,768
Total liabilities, deferred inflows of resources and fund balances	**$4,879,594**	**507,668**	**1,923,881**	**1,531,388**	**427,339**	**2,424,451**	**2,957,765**	**14,652,086**

See notes to financial statements.

Exhibit D

Mitchell County
Osage, Iowa

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

June 30, 2015

Total governmental fund balances (page 14)		$ 5,985,768
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is $56,406,587 and the accumulated depreciation is $11,316,528.		45,090,059
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		65,761
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources	457,590	
Deferred inflows of resources	(962,567)	(504,977)
Long-term liabilities, including bonds payable, other post employment benefits payable, net pension liability and compensated absences payable, and drainage warrants/drainage improvement certificates payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(42,718,628)
Net position of governmental activities (page 12)		$ 7,917,983

See notes to financial statements.

Exhibit E

Mitchell County
Osage, Iowa

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	Urban Renewal	Capital Projects	Nonmajor	Total
Revenue:								
Property and other county tax	$ 3,059,341	482,520	1,756,078		1,094,165		394,393	6,786,497
Tax increment financing					1,826,264			1,826,264
Interest and penalty on property tax	25,952							25,952
Intergovernmental	1,351,121	29,924	78,160	3,865,991	93,522		13,005	5,431,723
Licenses and permits	4,536			9,155				13,691
Charges for services	1,069,491	2,212	16,969	142,756			34,515	1,265,943
Use of money and property	168,464						106,927	275,391
Miscellaneous	72,077			15,841		648,699	6,592	743,209
Total revenues	5,750,982	514,656	1,851,207	4,033,743	3,013,951	648,699	555,432	16,368,670
Expenditures:								
Current:								
Public safety and legal services	1,151,389		374,192				592	1,526,173
Physical health and social services	1,657,095						3,115	1,660,210
Mental health		518,417						518,417
County environment and education services	1,085,607		209,872				75,777	1,371,256
Roads and transportation				6,212,210				6,212,210
Governmental services to residents	388,318						1,670	389,988
Administrative services	2,253,163		142					2,253,305
Non -program							34,902	34,902
Debt service	94,760				2,642,957		197,635	2,935,352
Capital projects				283,191		11,806,586		12,089,777
Total expenditures	6,630,332	518,417	584,206	6,495,401	2,642,957	11,806,586	313,691	28,991,590
Excess(deficiency) of revenue over (under) expenditures	(879,350)	(3,761)	1,267,001	(2,461,658)	370,994	(11,157,887)	241,741	(12,622,920)
Other financing sources (uses):								
Sale of capital assets	1,284			751				2,035
Operating transfers in				1,181,630			30,000	1,211,630
Operating transfers out	(30,000)		(1,181,630)					(1,211,630)
Proceeds long-term debt	135,000			1,160,600		2,484,664		3,780,264
Total other financing sources (uses)	106,284		(1,181,630)	2,342,981		2,484,664	30,000	3,782,299
Net change in fund balances	(773,066)	(3,761)	85,371	(118,677)	370,994	(8,673,223)	271,741	(8,840,621)
Fund balances beginning of year	2,551,009	140,703	104,483	994,480	56,345	10,314,700	664,669	14,826,389
Fund balances end of year	$ 1,777,943	136,942	189,854	875,803	427,339	1,641,477	936,410	5,985,768

See notes to financial statements.

Mitchell County
Osage, Iowa

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

June 30, 2015

Net change in fund balances - Total governmental fund (page 16)		$ (8,840,621)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	14,256,605	
Depreciation expense	(1,481,143)	12,775,462
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds.		
Property tax	342	
Other	(8,883)	(8,541)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues exceeded repayments, as follows:		
Issued	(3,820,600)	
Repaid	2,454,669	(1,365,931)
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.		352,487
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences	(24,228)	
Pension expense	(137,838)	
Other postemployment benefits	(33,059)	(195,125)
Change in net position of governmental activities (page 13)		$ 2,717,731

See notes to financial statements.

Exhibit G

Mitchell County
Osage, Iowa

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2015

Assets	
Cash and pooled investments:	
County Treasurer	$ 1,129,399
Other County officials	55,797
Property tax receivable:	
Delinquent	10,693
Succeeding year	12,010,060
Accounts receivable	14,091
Accrued interest	66
Total assets	$ 13,220,106
Liabilities	
Accounts payable	$ 2,953
Salaries payable	2,347
Due to other governments	13,147,053
Trust payable	55,982
Compensated absences	11,771
Total liabilities	13,220,106
Net position	$ -

See notes to financial statements.

1. Summary of Significant Accounting Policies

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

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

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

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

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

B. BASIS OF PRESENTATION

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

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

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

Restricted net position results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government–wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. The County has elected to show the Mental Health and Rural Services Funds as discretionary major funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

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

C. <u>MEASUREMENT FOCUS AND BASIS OF ACCOUNTING</u>

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with 1 1/2% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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

Drainage Assessments Receivable - Drainage assessments receivable represent the amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessment receivable represent assessments which are due and payable but have not been collected. Assessment receivable represents assessments which are due and payable but have not been collected.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutter, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years, based on Board of Supervisors resolution.

Infrastructure	$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County is depreciated using the straight line method over the following estimated useful lives.

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	20 – 50
Infrastructure	12 – 65
Equipment	5 – 10
Vehicles	5 – 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period that 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 represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

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

Long-term Liabilities - In the governmental-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. BUDGETS AND BUDGETARY ACCOUNTING

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

2. Cash, Cash Equivalents and Pooled Investments

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

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

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

Concentration of Credit Risk – The County places no limit on the amount that may be invested in any one issuer.

3. Interfund Transfers

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

Transfer To	Transfer From	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	$1,181,630
Conservation Land Acquisition	General	30,000
Total		$1,211,630

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

4. **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,585,437			2,585,437
Construction in progress	9,889,116	11,806,586		21,695,702
Total capital assets not being depreciated	12,474,553	11,806,586	0	24,281,139
Capital assets being depreciated:				
Buildings	5,515,351			5,515,351
Improvements other than building	28,000			28,000
Machinery and equipment	5,250,960	1,826,348	(146,838)	6,930,470
Infrastructure	19,027,957	623,671		19,651,628
Total capital assets being depreciated	29,822,268	2,450,019	(146,838)	32,125,449
Less accumulated depreciation for:				
Buildings	1,757,079	117,060		1,874,139
Improvements other than building	4,152	1,120		5,272
Machinery and equipment	3,636,704	445,969	(146,838)	3,935,835
Infrastructure, road network	4,584,289	916,994		5,501,283
Total accumulated depreciation	9,982,224	1,481,143	(146,838)	11,316,529
Total capital assets being depreciated, net	19,840,044	968,876	0	20,808,920
Governmental activities capital assets, net	$ 32,314,597	12,775,462	0	45,090,059

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities	
Public safety and legal services	$ 79,327
Physical health and social services	5,758
County environment and education	120,630
Roads and transportation	1,212,746
Governmental services to residents	15,923
Administrative services	46,759
Total depreciation expense - Governmental activities	$ 1,481,143

5. **Due to Other Governments**

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

Fund	Description	Amount
Agency:		
Agricultural Extension	Collections	$ 183,020
Assessor		878,668
Schools		7,069,997
Community Colleges		453,646
Corporations		3,268,115
Auto License & Use Tax		270,076
All others		1,023,531
Total for Agency Funds		$ 13,147,053

6. **Changes in Long-Term Debt**

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

	LOSST Bonds	General Obligation Capital Loan Notes	Loan Agreements	Drainage Improvement Certificates	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Beginning Balance	$ 190,000	37,282,600	1,658,878	2,607	184,871	2,876,535	160,692	42,356,183
Increases		2,525,000	1,295,600		24,228		33,059	3,877,887
Decreases	190,000	1,707,600	557,069	652		1,060,121		3,515,442
Ending Balance	$ -	**38,100,000**	**2,397,409**	**1,955**	**209,099**	**1,816,414**	**193,751**	**42,718,628**
Due Within One Year		**3,075,000**	**307,826**	**652**	**209,099**			**3,592,577**

Bonds Payable

In April of 2000, the County issued $2,100,000 of Local Option Sales and Service Tax Revenue bonds for the construction of and purchase of equipment for a County Law Enforcement Center. The bonds will be repaid from Local Option Sales and Service Tax revenues. Interest is due semi-annually with rates of 5.00% to 5.40%, payable on November 1 and May 1 of each year. Principal payments are due annually on May 1. During the fiscal year ended June 30, 2006, the County refunded the remaining outstanding bonds with $1,690,000 Local Option Sales and Service Tax Revenue Refunding Bonds, Series 2005A. These bonds will be repaid from Local Option Sales and Service Tax revenues. Interest is due semi-annually with rates of 2.75% to 3.75% payable on November 1 and May 1, of each year. Principal payments are due annually on May 1. The bonds mature on May 1, 2015. Details on the bond agreement are as follows.

During the year ended June 30, 2015, the County retired $190,000 of bonds.

General Obligation Capital Loan Notes

On May 14, 2009 the County issued $8,965,000 of General Obligation Capital Loan Notes to finance road projects interest is due semi-annually with rates of 1.8% to 3.8% payable on December 1 and June 1 of each year. Principal payments are due annually on June 1, beginning June 1, 2013. The capital loan notes mature June 1, 2021. Details on the note agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 1,035,000	221,377	1,256,377
2017	1,060,000	193,950	1,253,950
2018	1,095,000	162,150	1,257,150
2019	1,125,000	126,563	1,251,563
2020	1,165,000	88,312	1,253,312
2021	1,205,000	45,790	1,250,790
	$ 6,685,000	838,142	7,523,142

During the year ended June 30, 2015, the County retired $1,005,000 of notes.

On December 21, 2010 the County issued $6,450,000 of General Obligation Loan Notes to finance road projects, interest is due semi-annually with rates of 2.5% to 3.4% payable on December 1 and June 1 of each year. Principal payments are due annually on June 1 beginning June 1, 2016. The capital loan notes mature June 1, 2022. Details on the note agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 860,000	183,068	1,043,068
2017	875,000	161,568	1,036,568
2018	895,000	139,693	1,034,693
2019	915,000	117,318	1,032,318
2020	940,000	93,070	1,033,070
2021-2022	1,965,000	98,700	2,063,700
	$ 6,450,000	793,417	7,243,417

On September 11, 2012 the County issued $8,180,000 of General Obligation Loan Notes to finance constructing improvements and facilities for the treatment of waste at the sanitary sewer treatment plant for the Osage Municipal Utilities and at a waste pretreatment facility in connection with the Valent Biosciences Corporation development project, and constructing improvements to a county emergency shelter/conservation building, interest is due semi-annually with rates of .8% to 4.0% payable on December 1 and June 1 of each year. Principal payments are due annually on June 1 beginning June 1, 2015. The capital loan notes mature June 1, 2032. Details on the note agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 385,000	221,828	606,828
2017	385,000	217,978	602,978
2018	390,000	213,358	603,358

2019	400,000	207,508	607,508
2020	405,000	200,308	605,308
2021-2032	5,835,000	1,434,799	7,269,799
	$ 7,800,000	2,495,779	10,295,779

On December 26, 2013 the County issued $6,410,000 of General Obligation Loan Notes to finance repairing County roads and bridges damaged by floods, and constructing sanitary sewer treatment improvements, interest is due semi-annually with rates of 2.0% to 4.0% payable on December 1 and June 1 of each year. Principal payments are due annually on June 1 beginning June 1, 2015. The capital loan note matures June 1, 2032. Details on the note agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	295,000	183,575	478,575
2017	300,000	177,675	477,675
2018	305,000	171,675	476,675
2019	310,000	165,575	475,575
2020	320,000	159,375	479,375
2021-2032	4,590,000	1,142,025	5,732,025
	$ 6,120,000	1,999,900	8,119,900

On June 25, 2015, the County issued $8,520,000 of General Obligation Loan Notes to finance constructing and equipping a County Courthouse, interest is due semi-annually with rates of 2.0% to 3.75% payable on December 1 and June 1 of each year. Principal payments are due annually on June 1 beginning June 1, 2016. The capital loan notes mature June 1, 2033. Details on the note agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$380,000	247,808	627,808
2017	385,000	240,208	625,208
2018	395,000	232,508	627,508
2019	400,000	224,608	624,608
2020	410,000	216,608	626,608
2021-2033	6,550,000	1,599,889	8,149,889
	$ 8,520,000	2,761,629	11,281,629

On February 11, 2015, the County issued $2,525,000 of General Obligation Loan Notes to finance various County projects, interest is due semi-annually with rates of 1.0% to 4.0% payable on December 1 and June 1 of each year. Principal payments are due annually on June 1 beginning June 1, 2016. The capital loan notes mature June 1, 2032. Details on the note agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$120,000	76,455	196,455
2017	125,000	75,255	200,255
2018	125,000	73,755	198,755
2019	125,000	71,755	196,755
2020	130,000	68,943	198,943
2020-2032	1,900,000	483,201	2,383,201
	$ 2,525,000	849,364	3,374,364

Loan Agreements

On December 21, 2005, the County issued $164,500 of Notes to finance the purchase of 180 acres of land in Otranto Township. Principal and interest payments are due annually on December 21. Interest is at a rate of 6.35%. Details on the loan agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 13,158	4,272	17,430
2017	13,459	3,971	17,430
2018	14,336	3,094	17,430
2019	12,962	4,468	17,430
	$ 53,915	15,805	69,720

On February 26, 2015, the County issued $390,000 of Notes to finance the construction of Carpenter's waste water treatment plant. Principal and interest payments are due monthly. Interest is at a rate of 2.75% Details of the loan agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 5,445	10,186	15,631
2017	5,597	10,034	15,631
2018	5,752	9,879	15,631
2019	5,912	9,719	15,631
2020	6,077	9,554	15,631
2021-2050	344,111	181,488	525,599
	$ 372,894	230,860	603,754

On May 23, 2015, the County issued $100,000 of Notes to finance the purchase of land. Principal and interest payments are due annually on July 15. Interest is at a rate of 3.95%. Details on the loan agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 7,822	4,546	12,368
2017	8,727	3,641	12,368
2018	9,072	3,296	12,368
2019	9,430	2,938	12,368
2020	9,803	2,565	12,368
2021	55,146	2,178	57,324
	$ 100,000	19,164	119,164

On June 27, 2015, the County issued $575,000 of Notes to finance the purchase of The Mitchell Dam with hydro equipment. Principal and interest payments are due annually on July 1. Interest is at a rate of 3.875%. Details on the loan agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 28,653	22,838	51,491
2017	29,967	21,524	51,491
2018	31,203	20,288	51,491
2019	32,429	19,062	51,491
2020	33,703	17,788	51,491
2021-2030	419,045	95,864	514,909
	$ 575,000	197,364	772,364

On March 5, 2015, the County issued $135,000 of Notes to finance the purchase of conservation equipment. Principal and interest payments are due annually on March 3. Interest is at a rate of 3.875%. Details of the loan agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 17,205	5,231	22,436
2017	17,872	4,564	22,436
2018	18,564	3,872	22,436
2019	19,284	3,152	22,436
2020	20,031	2,405	22,436
2020-2022	42,044	2,452	44,496
	$ 135,000	21,676	156,676

On March 10, 2015, the County issued $1,160,000 of Notes to finance the purchase of 6 Caterpillar Motor Graders. Principal and interest payments are due annually on August 1. Interest is at a rate of 2.6%. Details of the loan agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 235,544	11,161	246,705
2017	222,653	24,052	246,705
2018	228,442	18,263	246,705
2019	234,382	12,323	246,705
2020	239,579	6,229	245,808
	$ 1,160,600	72,028	1,232,628

Drainage Improvement Certificates Payable

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

Drainage improvement certificates are paid from the Special Fund solely from drainage assessments against benefited properties.

Internal Loan

An advance of $33,152 was made from the Local Option Fund to the TIF Fund in order to pay for funding of an economic development grant. This advance shall be treated as a loan (the "Loan") to the TIF Fund and shall be repaid to the Local Option Fund. Balance of the loan at 06/30/15 is $100,000.

General Obligation Refunding Bonds

On March 1, 2015, the County issued $5,740,000 of general obligation refunding bonds for the crossover advance refunding of $5,650,000 of general obligation capital loan, dated May 14, 2009. The County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. These securities were placed in an escrow account for the express purpose of paying the interest on the general obligation refunding bonds as due until June 1, 2016, at which time the refunded general obligation, series 2009, of $5,560,000 become callable. After the principal and interest on all of the outstanding notes have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the County.

7. **Pension Plan**

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

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

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

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

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 any time after reaching age 50 with 22 or more years of covered employment.

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 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 $367,313.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of $1,816,414 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .0458007, which was a decrease of .004298 from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $137,838. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$20,516	$20,007
Changes of assumptions	83,311	18,136
Net difference between projected and actual earnings on pension plan investments		907,311
Changes in proportion and differences between County contributions and proportionate share of contributions	1,276	17,113
County contributions subsequent to the measurment date	352,487	
Total	$457,590	$962,567

$352,487 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2016	$(215,181)
2017	(215,181)
2018	(215,181)
2019	(215,181)
2020	3,261
	$(857,464)

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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:	$3,897,189	$1,816,414	$61,412

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

Payables to the Pension Plan - At June 30, 2015, the County reported payables to the defined benefit pension plan of $30,317 for legally required employer contributions and $21,232 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

8. **Closure and Postclosure Care Costs**

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

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 function at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near and after the date that the landfill stops accepting waste, state laws require the Agency to submit a closure and postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper closure and postclosure. The Agency is in compliance with this requirement.

9. **Sanitary Sewer System**

Mitchell County has entered into an agreement with the City of Carpenter, established in accordance with the provisions of Chapter 28E of the State Code of Iowa. The purpose of this agreement is for Mitchell County to contract with the City of Carpenter for the service and management of a sanitary sewer collection system serving the residents of the City of Carpenter.

Mitchell County shall be responsible for ownership of the sanitary sewer system, paying the debt service as it becomes due, some of the operational costs and compliance with all reporting requirements imposed by the Iowa DNR, Federal EPA, and Rural Development of the United States Department of Agriculture with respect to the testing, monitoring, maintenance of the sanitary sewer system, and financial reporting, as well as administration of the annual budget for the operation of the City of Carpenter sanitary sewer system.

The City of Carpenter shall be responsible for providing Mitchell County permission to construct the sanitary sewer system, provide all maintenance and operation services to keep the sewer system functional and in good repair, the billing and collection of fees for sanitary sewer service, and inspecting all new hook ups. All fees collected shall be remitted to the Mitchell County Auditor.

10. **Other Postemployment Benefits (OPEB)**

Plan Description. The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 69 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

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

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	$ 50,542
Interest on net OPEB obligation	4,017
Adjustment to annual required contribution	(12,992)
Annual OPEB cost	41,567
Contributions made-implicit	(8,508)
Increase in net OPEB obligation	33,059
Net OPEB obligation beginning of year	160,692
Net OPEB obligation end of year	$ 193,751

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed $8,508 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 as of June 30, 2015 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 47,430	7.4%	$ 130,412
June 30, 2014	50,808	6.7%	160,692
June 30, 2015	50,542	5.3%	193,751

Funded Status and Funding Progress- As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2015, the actuarial accrued liability was $231,627, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $231,627. The covered payroll (annual payroll of active employees covered by the plan) was approximately $4,363,000 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are $328.50 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

11. **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters.

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were $247,319.

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

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

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

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

12. Construction Commitment

The County has entered into a contract totaling $5,655,683 for wastewater treatment facility improvements. As of June 30, 2015, costs of $5,366,458 on the project have been incurred. The

$289,225 balance remaining on the project at June 30, 2015 will be paid as work on the project progresses.

The County has also entered into a contract totaling $6,543,234 for constructing the new courthouse. As of June 30, 2015, costs of $5,203,664 on the project have been incurred. The $1,339,570 balance remaining on the project at June 30, 2015 will be paid as work on the project progresses.

13. Mitchell County Financial Information Included in the Mental Health Region

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

Revenues:		
Property and other county tax		$ 482,520
Intergovernmental Revenues:		
State tax credits	29,924	
Other intergovernmental revenues	2,212	32,136
Total Revenues		514,656
Expenditures:		
General Administration		
Direct administration	21,793	
Distribution to regional fiscal agent	496,624	518,417
Total Expenditures		518,417
Deficiency of revenues under expenditures		(3,761)
Fund balance beginning of the year		140,703
Fund balance end of the year		$ 136,942

14. Accounting Change/Restatement

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

Net position June 30, 2014, as previously reported	$7,736,292
Net pension liability at June 30, 2014	(2,876,535)
Deferred outflows of resources Related to prior year contributions made after the June 30, 2013 measurement date	340,495
Net position July 1, 2014, as restated	$5,200,252

REQUIRED SUPPLEMENTARY INFORMATION

Mitchell County
Osage, Iowa

Budgetary Comparison Schedule of

Receipts, Disbursements and Changes in Balances -

Budget and Actual (Cash Basis) - All Governmental Funds

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Net Variance
Receipts:						
Property and other County tax	$ 8,618,068		8,618,068	7,488,399	7,982,564	635,504
Interest and penalty on property tax	26,136		26,136	20,000	20,000	6,136
Intergovernmental	5,370,021		5,370,021	5,221,270	5,284,662	85,359
Licenses and permits	13,741		13,741	11,500	11,500	2,241
Charges for services	1,385,778		1,385,778	1,229,145	1,368,438	17,340
Use of money and property	1,554,385		1,554,385	108,222	1,469,565	84,820
Miscellaneous	743,186	795	742,391	854,896	1,354,896	(612,505)
Total receipts	17,711,315	795	17,710,520	14,933,432	17,491,625	218,895
Disbursements:						
Public safety and legal services	1,544,092		1,544,092	1,657,729	1,674,229	130,137
Physical health and social services	1,678,218		1,678,218	1,831,277	1,846,277	168,059
Mental health	517,206		517,206	503,700	522,092	4,886
County environment and education services	1,340,193		1,340,193	1,487,990	1,640,854	300,661
Roads and transportation	5,771,801		5,771,801	3,990,000	6,070,600	298,799
Governmental services to residents	356,295		356,295	346,227	384,227	27,932
Administrative services	2,224,865		2,224,865	1,403,602	2,467,680	242,815
Non-program	34,902	1,442	33,460		33,460	0
Debt service	2,935,341		2,935,341	2,781,929	2,963,929	28,588
Capital projects	11,840,010		11,840,010	4,650,000	13,650,000	1,809,990
Total disbursements	28,242,923	1,442	28,241,481	18,652,454	31,253,348	3,011,867
Excess (deficiency) of receipts over (under) disbursements	(10,531,608)	(647)	(10,530,961)	(3,719,022)	(13,761,723)	3,230,762
Other financing sources, net	2,487,880		2,487,880	4,001,000	4,001,000	(1,513,120)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(8,043,728)	(647)	(8,043,081)	281,978	(9,760,723)	1,717,642
Balance beginning of year	14,866,668	13,581	14,853,087	7,408,398	14,853,087	0
Balance end of year	$ 6,822,940	12,934	6,810,006	7,690,376	5,092,364	1,717,642

See accompanying independent auditor's report.

Mitchell County
Osage, Iowa

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	$ 17,711,315	(1,342,645)	16,368,670
Expenditures	28,242,923	748,667	28,991,590
Net	(10,531,608)	(2,091,312)	(12,622,920)
Other financing sources, net	2,487,880	1,294,419	3,782,299
Beginning fund balances	14,866,668	(40,279)	14,826,389
Ending fund balances	$ 6,822,940	(837,172)	5,985,768

See accompanying independent auditor's report.

Mitchell County
Osage, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

In accordance with 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 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 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $12,600,894. The 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 E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Mitchell County

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

Iowa Public Employees' Retirement System
Last Fiscal Years*

Required Supplementary Information

	2015
County's collective proportion of the net pension liability (asset)	0.0458007
County's collective proportionate share of the net pension liability (asset)	1,816,414
County's covered-employee payroll	3,739,068
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.58%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined at 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 compliled, the County will present information for those years for which information is available.

Mitchell County

Schedule of County Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	$ 367,261	340,458	322,982	297,793	261,452	239,117	226,787	199,251	180,298	194,874
Contributions in relation to the statutorily required contribution	(367,261)	(340,458)	(322,982)	(297,793)	(261,452)	(239,117)	(226,787)	(199,251)	(180,298)	(194,874)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
County covered-employee payroll	$ 4,034,494	3,739,068	3,631,472	3,561,454	3,566,604	3,432,579	3,420,226	3,206,218	2,994,127	2,829,534
Contributions as a percentage of covered-employee payroll	9.10%	9.11%	8.89%	8.36%	7.33%	6.97%	6.63%	6.21%	6.02%	6.89%

See accompanying independent auditor's report

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.

Mitchell County
Osage, Iowa

Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	$ 279,832	279,832	0.0%	3,094,000	6.8%
2011	July 1, 2009	-	270,105	270,105	0.0%	3,144,000	8.6%
2012	July 1, 2009	-	246,837	246,837	0.0%	3,323,000	7.4%
2013	July 1, 2012	-	292,511	292,511	0.0%	3,973,000	7.4%
2014	July 1. 2012	-	266,716	266,716	0.0%	4,009,000	6.7%
2015	July 1, 2012	-	231,627	231,627	0.0%	4,363,000	5.3%

See Note 10 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.

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

MITCHELL COUNTY
Osage, Iowa

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2015

	Special Revenue											Debt Service	Total
	County Disposal Closure	Local Option Sales Tax Bond Sinking Fund	Sheriff State Asset Forfeiture	Home Health Capital Improvement	Drug Enforcement	Resource Enhancement & Protection	County Recorder's Records Management	Drainage Districts	Conservation Land Acquisitions	Sheriff Federal Asset Forfeiture	Sheriff R&B Reimb Fund		
ASSETS													
Cash and pooled investments	$ 4,828	489,327	1,507	55,452	16,930	12,534	14,681	12,932	253,275	162	18,549	3,003	883,180
Receivables:													
Property tax:													
Succeeding year												2,017,618	2,017,618
Accounts							591		21,786		1,239		23,616
Accrued interest	1			18	1	3	3		53		5		84
Drainage assessments								1,955					1,955
Due from other governments		31,312											31,312
TOTAL ASSETS	4,829	520,639	1,507	55,470	16,931	12,537	15,275	14,887	275,114	162	19,793	2,020,621	2,957,765
LIABILITIES AND FUND EQUITY													
Liabilities:													
Accounts payable						44			1,738				1,782
Deferred inflows of resources:													
Unavailable revenues:													
Succeeding year property tax												2,017,618	2,017,618
Other								1,955					1,955
Total deferred inflows of resources								1,955				2,017,618	2,019,573
Fund equity:													
Fund balance:													
Restricted for:													
Drainage								12,932					12,932
Debt Service												3,003	3,003
Other purposes	4,829	520,639	1,507	55,470	16,931	12,493	15,275		273,376	162	19,793		920,475
Total fund equity	4,829	520,639	1,507	55,470	16,931	12,493	15,275	12,932	273,376	162	19,793	3,003	936,410
TOTAL LIABILITIES & FUND EQUITY	$ 4,829	520,639	1,507	55,470	16,931	12,537	15,275	14,887	275,114	162	19,793	2,020,621	2,957,765

See accompanying independent auditor's report.

Schedule 2

MITCHELL COUNTY
Osage, Iowa

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

	Special Revenue												
	County Disposal Closure	Local Option Sales Tax Bond Sinking Fund	Sheriff State Asset Forfeiture	Home Health Capital Improvement	Drug Enforcement	Resource Enhancement & Protection	County Recorder's Records Management	Drainage Districts	Conservation Land Acquisitions	Sheriff Federal Asset Forfeiture	Sheriff R&B Reimb Fund	Debt Service	Total
REVENUES:													
Property and other county tax		394,393											394,393
Intergovernmental						13,005							13,005
Charges for services							2,205		18,336		13,974		34,515
Uses of money and property	$ 18	1,216		199	41	40	38		105,332		43		106,927
Miscellaneous			550	1,473				795	3,774				6,592
Total revenues	18	395,609	550	1,672	41	13,045	2,243	795	127,442		14,017		555,432
EXPENDITURES:													
Operating:													
Public safety and legal services					428					164			592
Physical health and social services				3,115									3,115
County environment and education						20,023			55,754				75,777
Government services to residents							1,670						1,670
Non-Program		33,460						1,442					34,902
Debt Service		197,624										11	197,635
Total expenditures		231,084		3,115	428	20,023	1,670	1,442	55,754	164		11	313,691
Excess (deficiency) of revenues over (under) expenditures	18	164,525	550	(1,443)	(387)	(6,978)	573	(647)	71,688	(164)	14,017	(11)	241,741
Other financing sources (uses):													
Transfers in									30,000				30,000
Total other financing sources (uses):									30,000				30,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:	18	164,525	550	(1,443)	(387)	(6,978)	573	(647)	101,688	(164)	14,017	(11)	271,741
Fund balances beginning of year	4,811	356,114	957	56,913	17,318	19,471	14,702	13,579	171,688	326	5,776	3,014	664,669
Fund balances end of year	$ 4,829	520,639	1,507	55,470	16,931	12,493	15,275	12,932	273,376	162	19,793	3,003	936,410

See accompanying independent auditor's report.

MITCHELL COUNTY
Osage, Iowa

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

	County Offices	Auto License & Use Tax	County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assessment	Ag Extension Education	Other	Total
ASSETS											
Cash and pooled investments:											
County treasurer		270,076	541,422	68,228	4,063	32,878	1,409	5,422	1,826	204,075	1,129,399
Other County officials	$ 55,797										55,797
Receivables:											
Property tax:											
Delinquent			404	6,883	445	1,803	169		207	782	10,693
Succeeding year			346,015	6,994,886	449,138	3,233,434	149,416		180,987	656,184	12,010,060
Accounts	776									13,315	14,091
Accrued interest										66	66
TOTAL ASSETS	56,573	270,076	887,841	7,069,997	453,646	3,268,115	150,994	5,422	183,020	874,422	13,220,106
LIABILITIES											
Salaries payable			1,530							817	2,347
Accounts payable	591		862							1,500	2,953
Due to other governments		270,076	878,668	7,069,997	453,646	3,268,115	150,994	5,422	183,020	867,115	13,147,053
Trusts payable	55,982										55,982
Compensated absences			6,781							4,990	11,771
TOTAL LIABILITIES	$ 56,573	270,076	887,841	7,069,997	453,646	3,268,115	150,994	5,422	183,020	874,422	13,220,106

See accompanying independent auditor's report.

MITCHELL COUNTY
Osage, Iowa

AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARYASSETS AND LIABILITIES
Year ended June 30, 2015

ASSETS AND LIABILITIES	County Offices	Auto License & Use Tax	County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assessment	Agricultural Extension Education	Other	Total
Balance beginning of year	$ 59,297	264,692	792,112	6,463,943	406,234	3,181,435	154,772	6,192	172,634	850,015	12,351,326
Additions:											
Property and other county tax			345,246	6,978,622	449,185	3,155,157	150,763		180,590	656,270	11,915,833
E-911 surcharge										205,819	205,819
State tax credits			29,086	550,074	34,006	316,224	10,272		14,924	56,521	1,011,107
Office fees and collections	283,008									2,222	285,230
Auto licenses, use tax and postage		3,460,245									3,460,245
Assessments								91,622			91,622
Trusts	129,945									40,222	170,167
Miscellaneous	5,239		1,163							85,140	91,542
Total additions	418,192	3,460,245	375,495	7,528,696	483,191	3,471,381	161,035	91,622	195,514	1,046,194	17,231,565
Deductions:											
Agency remittances:											
To other funds	139,664										139,664
To other governments	147,698	3,454,861	279,766	6,922,642	435,779	3,384,701	164,813	92,392	185,128	1,021,787	16,089,567
Trusts paid out	133,554										133,554
Total deductions	420,916	3,454,861	279,766	6,922,642	435,779	3,384,701	164,813	92,392	185,128	1,021,787	16,362,785
Balance end of year	$ 56,573	270,076	887,841	7,069,997	453,646	3,268,115	150,994	5,422	183,020	874,422	13,220,106

See accompanying independent auditor's report.

MITCHELL COUNTY

Osage, Iowa

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUND
For the Last Ten Years

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Property and other county tax	$ 6,786,497	5,016,628	4,828,496	4,657,872	4,547,924	4,244,637	4,141,704	4,021,275	4,273,600	4,010,883
Tax increment financing	1,826,264	1,223,360	787,899	335,332						
Interest and penalty on property tax	25,952	25,061	23,793	26,819	30,520	23,982	22,504	23,232	20,062	22,033
Intergovernmental	5,431,723	4,392,144	4,189,311	4,069,375	4,472,312	4,842,456	4,779,763	4,048,490	3,599,659	3,626,941
Licenses and permits	13,691	14,785	11,772	13,485	11,724	21,239	28,071	22,484	15,250	5,475
Charges for service	1,265,943	1,066,544	898,892	1,304,483	1,050,222	1,365,594	1,669,424	1,434,600	846,795	826,869
Use of money and property	275,391	199,659	346,629	680,910	140,697	264,353	448,146	346,286	326,770	192,282
Miscellaneous	743,209	2,624,455	1,241,736	576,921	254,325	208,294	92,442	40,262	81,771	86,806
Total	$ 16,368,670	14,562,636	12,328,528	11,665,197	10,507,724	10,970,555	11,182,054	9,936,629	9,163,907	8,771,289
Expenditures:										
Current:										
Public safety and legal services	$ 1,526,173	1,435,900	1,428,657	1,395,113	1,365,825	1,480,940	1,458,357	1,394,068	1,305,710	1,261,404
Physical health and social services	1,660,210	1,542,109	1,751,877	1,589,108	1,763,706	1,086,762	1,020,561	895,289	814,105	768,857
Mental health	518,417	550,883	753,545	975,416	200,494	1,393,046	1,431,271	1,410,701	1,416,077	1,277,208
County environment and education services	1,371,256	1,870,714	1,033,116	1,998,448	1,338,562	1,245,666	1,740,562	1,219,462	664,312	805,665
Roads and transportation	6,212,210	4,268,816	3,998,926	3,114,150	3,357,019	3,485,521	3,660,581	3,126,576	3,415,976	2,686,256
Governmental services to residents	389,988	312,016	309,854	283,833	281,006	268,877	269,027	370,833	232,917	374,699
Administrative services	2,253,305	2,020,663	2,392,482	1,438,113	1,052,968	1,018,800	1,038,659	945,431	914,867	920,800
Non-program	34,902	69,483	1,781	2,837	2,353	16,207	4,606	3,120	10,115	3,257
Debt service	2,935,352	1,698,920	1,448,391	897,948	766,872	765,704	710,360	577,134	348,829	1,910,474
Capital projects	12,089,777	7,911,752	1,977,363	3,386,107	2,516,342	8,716,511	260,161	350,000	293,658	877,979
Total	$ 28,991,590	21,681,256	15,095,992	15,081,073	12,645,147	19,478,034	11,594,145	10,292,614	9,416,566	10,886,599

See accompanying independent auditor's report.

Mitchell County
Osage, Iowa

Schedule 6

Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-though Number	Program Expenditures
Indirect:			
U.S. Department of Health & Human Services:			
Iowa Department of Public Health:			
Immunization Services	93.268	5884I456	$ 4,521
Immunization Services	93.268	5885I456	2,705
			7,226
U.S. Department of Homeland Security			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division (Presidentially Declared Disasters)			
Disaster Grants-Public Assistance	97.036	FEMA 4126 DRIA	1,153,798
Total			$ 1,161,024

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

The amount of 2014 eligible expenditures is $841,431, which is included in the $1,153,798.

See accompanying independent auditor's report.

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

To the Officials of Mitchell County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mitchell 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 25, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control 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 Mitchell County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-15 through II-D-15 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Mitchell County's Responses to Findings

Mitchell County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Mitchell County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion of 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 communication is not suitable for any other purpose.

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

Renner & Birchem, PC

Renner & Birchem, P.C.

March 25, 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 Mitchell County:

Report on Compliance for Each Major Federal Program

We have audited Mitchell 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 its major federal program for the year ended June 30, 2015. Mitchell County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Mitchell County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 Mitchell 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 the major federal program. However, our audit does not provide a legal determination of Mitchell County's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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.

Renner & Birchem, PC

March 25, 2016

Renner & Birchem, P.C.

MITCHELL COUNTY

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

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

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

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

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

(d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.

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

(f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major program was CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).

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

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

Part II: Findings Related to the Financial Statements:

Significant Deficiencies

II-A-15 **Segregation of Duties**-During our review of the internal accounting control structure, the existing procedures are evaluated in order that incompatible duties, from a control viewpoint, 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.

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

Response-In small Counties where there are fewer employees, they sometimes do a variety of duties which may overlap from time to time. However, we try to comply with the segregation of duties as much as possible and continue our review of that work.

Conclusion-Response accepted.

II-B-15 **Preparation of Full Disclosure Financial Statements**-Internal controls over financial reporting include the actual preparation and review of financial statements, including footnote disclosure, for external reporting, as required by generally accepted accounting principles. Mitchell County does not have the internal resources to prepare the full-disclosure financial statements required by GAAP for external reporting. While this circumstance is not uncommon for most governmental entities, it is the responsibility of management and those charged with governance, to prepare reliable financial data, or accept the risk associated with this condition because of cost or other considerations.

Recommendation-We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and preparing full disclosure financial statements for external reporting purposes is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than relying on external assistance.

Response-We recognize our limitations, however, it is not fiscally responsible to add additional staff at this time.

Conclusion-Response accepted.

II-C-15 **County Care Facility**- During our audit procedures of the residents personal accounts, it was noted that the combined balance of the resident accounts exceeded the reconciled bank balance and cash on hand by $249.

Recommendation –The resident accounts must be reconciled to the resident bank account and cash on hand monthly.

Response- We will do a monthly reconciliation of resident accounts to bank and cash on hand monthly.

Conclusion – Response accepted.

II-D-15 **Financial Reporting** – During the audit, we identified transactions concerning payables not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these transactions in the financial statements.

Recommendation – The County should implement procedures to ensure all transactions are properly identified, classified, and included in the County's financial statements.

Response- We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future and monitor this process on a regular basis.

Conclusion – Response accepted.

Instances of Non-Compliance

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Non-Compliance

No matters were noted.

Internal Control Deficiencies

No material weaknesses in internal control over the major program were noted.

MITCHELL 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 did not exceed the amounts budgeted which is in compliance with Chapter 384.20 of the Code of Iowa.

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

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**-No business transactions between the County and County officials or employees were noted.

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

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

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

IV-H-15 **Resource Enhancement and Protection Certification**-The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-15 **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 for the County Extension Office during the year ended June 30, 2015 did not exceed the amount budgeted.

IV-J-15 **Public Employee Health Plan** – Monthly bank reconciliations were not prepared for the Public Employee Health Plan.

Recommendation- Bank reconciliations should be prepared monthly for all bank accounts by a person who does not sign checks, handle or record cash. Independent reviews should be preformed and the review should be evidenced by the signature or initials of the reviewer and the date of review.

Response- Bank reconciliations will be done monthly by the auditor. The clerk or another staff member will review the reconciliation and either sign or initial and date the review of the reconciliation.

Conclusion- Response accepted.

IV-K-15 **Urban Renewal Annual Report** – The urban renewal annual report was approved and certified to the Iowa Department of Management on or before December 1.

IV-L-15 **Publication of Salaries** – Salaries were not published in local newspapers per Chapter 349.18 of the Code of Iowa.

Recommendation –Salaries should be published in local newspapers in compliance with Chapter 349.18 of the Code of Iowa.

Response –In the future we will ensure salaries are published.

Conclusion – Response accepted.