

City/County Health Care Plan

**Independent Auditor's Report
Management's Discussion and Analysis
Financial Statements
Independent Auditor's Report on Compliance and Internal Control
Schedule of Findings**

June 30, 2015

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**City/County Health Care Plan
Board of Trustees
June 30, 2015**

<u>Name</u>	<u>Board Position</u>	<u>Representing</u>
Becky Perry	Chair	Other entities
Sherri Riney	Vice Chair	City and County unions
Stephanie Stuecker	Secretary/Treasurer	City of Burlington
Tom Broeker	Board Member	Des Moines County
Jim Ferneau	Board Member	City of Burlington
Jerry Sherwood	Board Member	Des Moines County
Tim Scott	Board Member	City of Burlington



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Independent Auditor's Report

Board of Trustees
City/County Health Care Plan
Burlington, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of City/County Health Care Plan (Plan) as of June 30, 2015 and 2014 and for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the Plan as of June 30, 2015 and 2014, and the changes in its modified cash basis financial position for the years then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The Management's Discussion and Analysis on pages 4 through 7, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2015, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

CPA Associates PC

September 14, 2015

City/County Health Care Plan Management's Discussion and Analysis

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

Financial Highlights

- The Plan's operating revenues for the basic financial statements totaled \$6,437,688 for the fiscal year ended June 30, 2015, an increase of 1% , or \$66,820, from fiscal year 2014. The primary increase was the result of an increase in medical premium revenues.
- The Plan's operating expenses for the basic financial statements totaled \$6,293,790 for the fiscal year ended June 30, 2015, an increase of 1%, or \$80,944 from fiscal year 2014. The increase was the result of higher medical disbursements and operating expenses.
- The Plan's operating revenues for the Fiduciary Fund decreased (5)%, or \$(11,031), from fiscal year 2014 to fiscal year 2015. Operating expense increased \$5,337, or 2% from fiscal 2014 to fiscal 2015. These two changes combined allowed for the Fiduciary Net Assets to decrease \$(15,354) or (44)%.

Using This Annual Report

The City/County Health Care Plan has elected to present its financial statements on the modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues and expenses and the related assets and deferred inflows of resources. Under the Plan's modified cash basis of accounting, revenues and expenses and the related assets and deferred inflows of resources are recorded when they result from cash transactions, except as follows. Modifications to the cash basis of accounting include recording deferred revenue or accounts receivables for the members' monthly premium cash receipts. The member cash receipts are recorded in the period of the Plan's coverage.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations from the use of the modified cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Plan's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. 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 Plan's financial activities.

The Statement of Net Position - Modified Cash Basis presents information on the Plan's assets and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

**City/County Health Care Plan
Management's Discussion and Analysis**

The Statement of Cash Receipts, Disbursements and Changes in Net Position - Modified Cash Basis is the basic statement of activities for proprietary funds. This statement presents information on the Plan's operating revenues and expenses, nonoperating revenues and expenses, and whether the Plan's financial position has improved or deteriorated as a result of the year's activities.

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

Financial Analysis of the City/County Health Care Plan

Statements of Net Position - Modified Cash Basis

As noted earlier, net position may serve over time as a useful indicator of the Plan's financial position. The Plan's net position - modified cash basis for fiscal 2015 for the Business-Type Activities totaled \$360,976, compared to \$215,867 for fiscal 2014. A summary of the Plan's Business-Type Activities net position - modified cash basis at June 30, 2015 and 2014 are presented below:

Statements of Net Position - Modified Cash Basis

	2015	2014
Assets	\$ 689,223	\$ 549,168
Liabilities	<u>328,247</u>	<u>333,301</u>
Net position - modified cash basis	<u>\$ 360,976</u>	<u>\$ 215,867</u>

Statement of Cash Receipts, Disbursements and Changes in Net Position - Modified Cash Basis

Operating revenues are received for insurance premiums from the member groups. Operating expenses are expenses paid to and on behalf of members for benefits and claims. A summary of revenues, expenses and changes in net position for the years ended June 30, 2015 and 2014 is presented below:

**Cash Receipts, Disbursements and Changes in
Net Position - Modified Cash Basis**

	2015	2014
Operating cash receipts	\$ 6,437,688	\$ 6,370,868
Operating cash disbursements	<u>6,293,790</u>	<u>6,212,846</u>
Operating gain	143,898	158,022
Nonoperating cash receipts	<u>1,211</u>	<u>874</u>
Change in net position - modified cash basis	145,109	158,896
Net position - modified cash basis, beginning of year	<u>215,867</u>	<u>56,971</u>
Net position - modified cash basis, end of year	<u>\$ 360,976</u>	<u>\$ 215,867</u>

**City/County Health Care Plan
Management's Discussion and Analysis**

Cash Receipts

A summary of cash receipts for the years ended June 30, 2015 and 2014 and the amount and percentage of change in relation to prior year amounts is presented below:

	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) From Prior Year</u>	<u>% Increase (Decrease)</u>
Operating:				
Medical premiums	\$ 5,326,587	82.74 %	\$ (31,100)	(0.58)%
ING funding	431,460	6.69	(44,250)	(9.30)
Dental premiums	387,593	6.02	2,398	0.62
Administrative fees	130,852	2.03	130,852	100.00
Voluntary products premium	120,042	1.86	6,791	6.00
Vision premiums	40,612	0.63	7,518	22.72
New member contributions	-	-	(1,232)	100.00
Unclaimed 125 plan contributions	<u>542</u>	<u>0.01</u>	<u>(4,157)</u>	<u>(88.47)</u>
Total operating	<u>6,437,688</u>	<u>99.98</u>	<u>66,820</u>	<u>1.05</u>
Nonoperating:				
Interest income	<u>1,211</u>	<u>0.02</u>	<u>337</u>	<u>38.56</u>
Total cash receipts	<u>\$ 6,438,899</u>	<u>100.00 %</u>	<u>\$ 67,157</u>	<u>1.05 %</u>

Cash Disbursements

A summary of cash disbursements for the year ended June 30, 2015 and 2014 and the amount and percentage of change in relation to prior year amounts is presented below:

	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) From Prior Year</u>	<u>% Increase (Decrease)</u>
Operating:				
Partial self-funded claims	\$ 611,997	9.72 %	\$ 54,273	9.73 %
Wellness claims	8,160	0.13	(825)	(9.18)
Medical disbursements	4,545,179	72.22	(63,636)	(1.38)
ING disbursements	433,427	6.89	(42,737)	(8.98)
Dental claims	352,797	5.61	(29,807)	(7.79)
Voluntary products distributions	120,323	1.91	6,519	5.73
Vision disbursements	40,316	0.64	7,269	22.00
Operating expense	<u>181,591</u>	<u>2.88</u>	<u>149,888</u>	<u>472.79</u>
Total cash disbursements	<u>\$ 6,293,790</u>	<u>100.00 %</u>	<u>\$ 80,944</u>	<u>1.30 %</u>

The Statement of Cash Receipts, Disbursements and Changes in Net Position-Modified Cash Basis reflects a positive year with an increase in the net assets at the end of the fiscal year.

In fiscal 2015, the net position in the Basic Financial Statements increased by \$145,109.

**City/County Health Care Plan
Management's Discussion and Analysis**

Debt Administration

At June 30, 2015, the Plan had no long-term debt outstanding.

Economic Factors

The future of the City/County Health Care Plan depends on the continuing participation by government bodies and the usage of programs.

Contacting the City/County Health Care Plan's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Plan's finances and to show the Plan's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City/County Health Care Plan, c/o City of Burlington, 400 Washington Street, Burlington, Iowa.

FINANCIAL STATEMENTS

City/County Health Care Plan
Statements of Net Position - Modified Cash Basis
Business-Type Activities
June 30, 2015 and 2014

	2015	2014
Assets		
Cash	\$ <u>689,223</u>	\$ <u>549,168</u>
Total assets	<u>689,223</u>	<u>549,168</u>
Liabilities		
Deferred revenue	<u>328,247</u>	<u>333,301</u>
Total liabilities	<u>328,247</u>	<u>333,301</u>
Net Position		
Net position - modified cash basis	<u>360,976</u>	<u>215,867</u>
Total net position - modified cash basis	<u>\$ 360,976</u>	<u>\$ 215,867</u>

See notes to financial statements.

City/County Health Care Plan
Statements of Cash Receipts, Disbursements and Changes in Net Position - Modified Cash Basis
Business-Type Activities
Years Ended June 30, 2015 and 2014

	2015	2014
Operating Cash Receipts		
Medical premiums	\$ 5,326,587	\$ 5,357,687
ING funding	431,460	475,710
Dental premiums	387,593	385,195
Administrative fees	130,852	-
Voluntary products premium	120,042	113,251
Vision premiums	40,612	33,094
New member contributions	-	1,232
Unclaimed 125 plan contributions	542	4,699
Total operating revenues	<u>6,437,688</u>	<u>6,370,868</u>
Operating Cash Disbursements		
Medical		
Partial self-funded claims	611,997	557,724
Wellness claims	8,160	8,985
Medical disbursements	<u>4,545,179</u>	<u>4,608,815</u>
	5,165,336	5,175,524
ING disbursements	433,427	476,164
Dental claims	352,797	382,604
Voluntary products distributions	120,323	113,804
Vision disbursements	40,316	33,047
Operating expense	<u>181,591</u>	<u>31,703</u>
Total operating expenses	<u>6,293,790</u>	<u>6,212,846</u>
Operating gain	143,898	158,022
Nonoperating Cash Receipts		
Interest income	<u>1,211</u>	<u>874</u>
Change in net position - modified cash basis	145,109	158,896
Net position - modified cash basis, beginning of year	<u>215,867</u>	<u>56,971</u>
Net position - modified cash basis, end of year	<u>\$ 360,976</u>	<u>\$ 215,867</u>

See notes to financial statements.

**City/County Health Care Plan
Statements of Net Position - Modified Cash Basis
Fiduciary Fund
June 30, 2015 and 2014**

	2015	2014
Assets		
Cash, 125 Plan	\$ <u>19,229</u>	\$ <u>34,583</u>
Net Position		
Net position - modified cash basis	\$ <u>19,229</u>	\$ <u>34,583</u>

See notes to financial statements.

City/County Health Care Plan
Statements of Cash Receipts, Disbursements and Changes in Net Position - Modified Cash Basis
Fiduciary Fund
Year Ended June 30, 2015 and 2014

	2015	2014
Additions		
125 plan contributions	\$ <u>227,376</u>	\$ <u>238,407</u>
Deductions		
125 plan claims	242,188	232,694
Unclaimed 125 plan contributions	<u>542</u>	<u>4,699</u>
Total operating disbursements	<u>242,730</u>	<u>237,393</u>
 Change in net position - modified cash basis	 (15,354)	 1,014
 Net position - modified cash basis, beginning of year	 <u>34,583</u>	 <u>33,569</u>
 Net position - modified cash basis, end of year	 <u>\$ 19,229</u>	 <u>\$ 34,583</u>

See notes to financial statements.

**City/County Health Care Plan
Notes to Financial Statements**

Note 1. Summary of Significant Accounting Policies

The City/County Health Care Plan (Plan) is a voluntary joint undertaking of units of government to create and maintain a self-funded health benefits program through cooperative action with private agencies, as authorized by Chapter 28E of the Code of Iowa. The Plan purchases health insurance through Wellmark Blue Cross Blue Shield and has a partial self-funded deductible plan. The dental benefit plan is self-funded. The Plan also administers a variety of other insurance coverages for the Plan's participants, if elected.

The Plan's member groups are from the following governmental entities: Burlington Municipal Waterworks, City of Burlington, City of Danville, City of Mediapolis, Des Moines County, Des Moines County Communications Center (DesCom), Des Moines County Regional Solid Waste Commission, Southeast Iowa Regional Airport Authority and Two Rivers Levee Drainage District. The Plan's Board of Trustees is composed of seven representatives from the following member groups: three representatives from the City of Burlington, two representatives from the County, one representative from the City and County unions and one representative from the remaining member groups.

The Plan's financial statements are prepared on the basis of modified cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

A. Reporting Entity

For financial reporting purposes, the Plan has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The Plan 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 Plan is such that exclusion would cause the Plan's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) 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 entity to impose its will on that organization or (2) the potential for the organization to provide specific financial burdens on the Plan. The Plan has no component units that meet the GASB criteria.

B. Basis of Presentation

The Plan's accounts are organized as business-type activities and as a fiduciary fund. The Business-Type Activities are used to account for operations conducted in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses) of providing goods or services to its members on a continuing basis be recovered primarily through member charges. The Fiduciary Fund is used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Plan's Internal Revenue Service Code Section 125 Cafeteria Plan is summarized within the Fiduciary Fund financial statements.

City/County Health Care Plan
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The Plan maintains its financial records on the basis of modified cash receipts and disbursements and the financial statements of the Plan are prepared on that basis. Cash receipts are recorded when received, except as noted below, and distributions are recorded when paid. The modified cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present the financial position and results of operations of the Plan in accordance with accounting principles generally accepted in the United States of America. Modifications to the cash basis of accounting include recording deferred revenue or accounts receivable for the members' monthly premium cash receipts. These cash receipts are recorded in the period of the Plan's coverage.

D. Statements of Net Position - Modified Cash Basis

The following accounting policies are followed in preparing the Statements of Net Position - Modified Cash Basis:

Cash - The Plan considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Deferred Revenue - The Plan's deferred revenue consists of members' monthly premium cash receipts.

Income Tax Status - The Plan is not a legal entity but a self-funded health benefits program funded by a common pool of funds as authorized by Chapter 28E of the Code of Iowa. Any tax liability that would occur would be the responsibility of the participating members.

Net Position - Modified Cash Basis - The Plan's net position - modified cash basis is unrestricted.

E. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Subsequent Events

The Plan's management performed an evaluation of subsequent events through September 14, 2015, which is the date the financial statements were available to be issued. There are no subsequent events that require disclosure or recognition in the financial statements as of June 30, 2015.

G. Reclassifications

Certain amounts in the 2014 financial statements have been reclassified for comparability to the 2015 presentation.

City/County Health Care Plan
Notes to Financial Statements

Note 2. Cash and Investments

The Plan's deposits in banks at June 30, 2015 and 2014 were entirely covered by federal depository insurance.

The Plan 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 Plan; 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.

Note 3. Third Party Administrative Fee

The Plan has an agreement with Two Rivers Insurance Company, Inc. DBA Employee Benefit Systems, to administer the Plan and process claims. The agreement provides for the payment of administrative fees, which totaled \$99,318 and \$21,506 for the years ended June 30, 2015 and 2014, respectively.

Note 4. Risk Management

The Plan is exposed to various risks of loss related to participant benefits; torts; theft, errors and omissions; and natural disasters. These risks are covered by the purchase of commercial insurance or outsourced functions with a third party administrator. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Plan assumes liability for any deductibles and claims in excess of coverage limitations.



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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***

Board of Trustees
City/County Health Care Plan
Burlington, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of City/County Health Care Plan (Plan) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2015. Our report expressed an unmodified opinion on the financial statements, which were prepared on the basis of modified cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Plan'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 Plan. 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.

Plan's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Plan'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 Plan'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 the Plan's Board of Trustees and its third party administrator 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.

CPA Associates PC

September 14, 2015

**City/County Health Care Plan
Schedule of Findings
Year Ended June 30, 2015**

Part I: Findings Related to the Financial Statements

Internal Control Deficiency

No internal control deficiencies were noted.

Instances of Noncompliance

No material matters of noncompliance with financial requirements were noted.

Part II: Other Findings Related to Statutory Reporting

II-A-15 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.

II-B-15 Plan Minutes - No transactions were found that we believe should have been approved in the Plan's minutes but were not.

II-C-15 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were noted.

II-D-15 403(b) Participant Contributions to VOYA - Internal Revenue Service (IRS) Regulation Section 1.403(b)-8 requires participants' elective deferral contributions to be remitted to the Plan within a period that is not longer than is reasonable for the proper administration of the Plan. The Plan collects participant and employer contributions for its 403(b) plans from the Plan's members and remits the contributions to VOYA monthly. As of June 30, 2015, the Plan's third party administrator did not have a formal reconciliation process to ensure all contributions were remitted to VOYA.

Recommendation - The Board of Trustees and the Plan's members should ensure participant and employer contributions are being remitted in accordance with the IRS regulation. Furthermore, the Board of Trustees and Plan's members should ensure the contributions paid into the Plan were properly paid to VOYA.

Response - Beginning July 1, 2015, the Board of Trustees has developed a new process for its members to pay in VOYA contributions and remit them to VOYA in a timely matter.

Conclusion - Response accepted.