MARSHALL COUNTY

Independent Auditors' Reports
Basic Financial Statements and Supplementary Information
Schedule of Findings and Questioned Costs

June 30, 2015

Table of Contents

Table of Contents (continued)

Marshall County

Officials

(Before January 2015)

Name	Title	Term Expires
Deane Adams	Board of Supervisors	January 2015
Dave Thompson	Board of Supervisors	January 2015
Dennis Grabenbauer	Board of Supervisors	January 2017
Dawn Williams	County Auditor/Recorder	January 2017
Jarret Heil	County Treasurer	January 2015
Theoharris Kamatchus	County Sheriff	January 2017
Jennifer Miller	County Attorney	January 2015
Craig Madill	County Assessor	January 2015

(After January 2015)

Name	Title	Term Expires
Dennis Grabenbauer	Board of Supervisors	January 2017
Bill Patten	Board of Supervisors	January 2019
Dave Thompson	Board of Supervisors	January 2019
Dawn Williams (resigned January 31, 2015)	County Auditor/Recorder	January 2017
Deanne Raymond (appointed February 10, 2015)	County Auditor/Recorder	January 2017
Jarret Heil	County Treasurer	January 2019
Theoharris Kamatchus	County Sheriff	January 2017
Jennifer Miller	County Attorney	January 2019
Craig Madill	County Assessor	January 2016

BOWMAN & MILLER, P.C.

CERTIFIED ♦ PUBLIC ♦ ACCOUNTANTS

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6336

Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com
Nathan P. Minkel, CPA • nathan@bowmanandmillerpc.com

Independent Auditors' Report

To the Officials of Marshall County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marshall 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 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.

Auditors' 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 13 to the financial statements, Marshall 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 Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 11 and 52 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marshall County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 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 December 16, 2015 on our consideration of Marshall County's internal control over financial reporting and 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 Marshall County's internal control over financial reporting and compliance.

Bowman and Miller, P.C.

December 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 3.9%, or approximately \$837,000, from fiscal year 2014 to fiscal year 2015. Property tax decreased approximately \$331,000. Charges for services decreased approximately \$120,000. Operating grants, contributions and restricted contributions decreased approximately \$113,000 and capital grants, contributions and restricted interest increased approximately \$922,000.

- Program expenses of the County's governmental activities increased 11.5%, or approximately \$2.4 million, from fiscal year 2014 to fiscal year 2015. Mental health had the largest increase of approximately \$3.6 million. Decreases in program expenses occurred in roads and transportation of approximately \$468,000. County environment and education and public safety and legal services had similar decreases of approximately \$100,000 and \$217,000, respectively. Administration had a decrease of approximately \$311,000, and physical health and social services had a decrease of approximately \$62,000.

- The County's combined net position decreased 2.2% this year, or approximately \$1.2 million, 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 Marshall 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 Marshall 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 Marshall County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are 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, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Marshall County's combined net position decreased 9.5%, or approximately $5.6 million, from fiscal year 2014 to fiscal year 2015. The analysis that follows focuses on the changes in the net position for governmental activities.

Net Position of Governmental Activities
(Expressed in Thousands)

	June 30, 2015	June 30, 2014 (Not Restated)
Current and other assets	$ 27,966	29,700
Capital assets	45,894	46,145
Total assets	73,860	75,845
Deferred outflows of resources	890	-
Long-term liabilities	5,998	3,787
Other liabilities	816	1,008
Total liabilities	6,814	4,795
Deferred inflows of resources	15,344	12,908
Net position:		
Net investment in capital assets	43,834	43,412
Restricted	8,346	11,379
Unrestricted	412	3,351
Total net position	$ 52,592	58,142

Net position of Marshall County's governmental activities decreased 9.5% (approximately $52.6 million compared to approximately $58.1 million). The largest portion of the County's net position is the amount invested in capital assets (e.g., land, 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 that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately $2.9 million.

Restricted net position decreased from approximately $11.4 million on June 30, 2014 to approximately $8.3 million on June 30, 2015, a decrease of 26.7%. This decrease was primarily a result of amounts remitted to Central Iowa Community Service Region for regional mental health expenses.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by $4,341,765 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		
	Year Ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for services	$ 2,110,877	2,230,824
Operating grants, contributions and restricted interest	4,605,640	4,718,749
Capital grants, contributions and restricted interest	1,006,796	84,521
General revenues:		
Property tax	12,261,576	12,592,832
Penalty and interest on property tax	103,752	116,490
State tax credits	858,525	587,544
Local option sales tax	1,222,611	1,134,553
Unrestricted investment earnings	63,400	60,546
Other general revenues	248,806	118,969
Total revenues	22,481,983	21,645,028
Program expenses:		
Public safety and legal services	6,834,131	7,051,100
Physical health and social services	611,150	672,959
Mental health	4,751,712	1,146,603
County environment and education	962,843	1,062,998
Roads and transportation	7,117,928	7,585,721
Governmental services to residents	785,970	749,247
Administration	2,388,378	2,699,745
Non-program	103,082	99,215
Interest on long-term debt	134,913	178,998
Total expenses	23,690,107	21,246,586
Change in net position	(1,208,124)	398,442
Net position beginning of year, as restated	53,800,254	57,743,577
Net position end of year	$ 52,592,130	58,142,019

Marshall County's net position of governmental activities decreased approximately $1.2 million during the year. Revenues for governmental activities increased approximately $837,000 over the prior year, with capital grants, contributions and restricted interest increasing approximately $922,000. Decreases included approximately $120,000 in charges for services and approximately $113,000 in operating grants, contributions and restricted interest.

The cost of all governmental activities this year was $23.7 million compared to $21.2 million last year. As shown in the Statement of Activities on pages 14-15, the amount county taxpayers ultimately financed for these activities was approximately $16 million because, some of the cost was paid by those who directly benefited from the programs ($2.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($5.6 million). The County paid for the "public benefit" portion of governmental activities with approximately $12.3 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general revenues.

INDIVIDUAL MAJOR FUND ANALYSIS

As Marshall County completed the year, its governmental funds reported a combined fund balance of approximately $11.7 million, which is approximately $2.4 million less than the 2014 fund balance. The decrease in fund balance is primarily attributable to a decrease of approximately $2.7 million in the Special Revenue, Mental Health Fund.

- The General Fund is comprised of General Basic, General Supplemental, Conservation Land Acquisition Trust, Klauenberg Trust and Jail Commissary Profit funds. The ending fund balance increased approximately $567,000 from the prior year. Revenues remained virtually unchanged from the prior year. Expenditures decreased by approximately $272,000 with notable decreases in administration, of approximately $318,000.

- Special Revenue, Mental Health Fund balance at year end decreased by approximately $2.7 million from the prior year due to approximately $3.8 million remitted to Central Iowa Community Service Region for regional mental health expenses. Fund balances of participating counties continue to be analyzed as part of the regional management plan and as part of its expansion to include new services to meet core and core plus services in each participating county.

- There were no significant changes in revenues, expenditures and the fund balance of the Special Revenue, Rural Services Fund.

- In the Special Revenue, Secondary Roads Fund, the maximum amount was transferred from the Special Revenue, Rural Services Fund. Revenues increased approximately $320,000 due to receipt of a federal bridge replacement grant. Expenditures remained virtually unchanged from the prior fiscal year. These factors increased the ending fund balance by approximately $597,000.

- There were no significant changes in revenues, expenditures and fund balance of the Debt Service Fund.

- The Capital Projects Fund balance decreased by approximately $881,000 due to payments on various capital projects including a new heating and cooling system for the courthouse.

BUDGETARY HIGHLIGHTS

Over the course of the year, Marshall County amended its budget one time. The amendment was made in February 2015. This resulted in an increase in budgeted revenues of approximately $852,000, mostly in intergovernmental revenue, and an increase in budgeted disbursements of approximately $3.2 million with the largest portion attributed to payments to the Central Iowa Community Service Region for mental health expenses of the region.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Marshall County had approximately $87 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 $2.1 million, or 2.5%, over last year.

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

	June 30, 2015	June 30, 2014
Land and construction in progress	$ 2,427	2,427
Buildings and improvements	24,156	23,520
Equipment and vehicles	10,141	9,394
Infrastructure	50,240	49,532
Total	$ 86,964	84,873

This year's major additions included (in thousands):

Capital assets contributed by the Iowa Department of Transportation	$ 351
Bridge replacement project	357
Secondary road equipment	376
Courthouse heating and cooling system	499
Software and computer upgrades	245
Sheriff's patrol cars	155
Total	$ 1,983

The County had depreciation expense of $2,454,157 in fiscal year 2015 and total accumulated depreciation of $41,069,489 at June 30, 2015. More detailed information about the County's capital assets is presented in Note 9 to the financial statements.

Long-Term Debt

At June 30, 2015, Marshall County had $2,060,715 in general obligation bonds and other debt outstanding compared to $2,733,613 at June 30, 2014, as shown below.

Outstanding Debt of Governmental Activities at Year End

	June 30, 2015	June 30, 2014
General obligation bonds	$ 1,910,000	2,520,000
Capital lease purchase agreements	150,715	213,613
Total	$ 2,060,715	2,733,613

The County entered into capital lease purchase agreements to lease equipment for the Information Services offices with an historical cost of $50,954. Debt decreased as a result of payments on the general obligation bonds.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Marshall County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $138 million.

There is no bond rating requested for the County at this time. Additional information about the County's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Marshall County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates, and the fees charged for various County activities. One of those factors is the economy. The unemployment rate in the County was 4.1% compared to 5.2% in June of 2014 and 5.8% in June of 2013. This compares with the State of Iowa's June 2015 unemployment rate of 3.2% and the national rate of 5.39%. The Midwest CPI-U from June 2014 to June 2015 decreased 0.6% compared with a national increase of 0.3%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Proposed spending for fiscal year 2016 decreased 10.4% compared to the re-estimated 2015 budget. However, this was due to the one-time payment of $3.7 million in fiscal year 2015 from Marshall County to the Central Iowa Community Service Region for regional mental health expenses. Without this payment, fiscal year 2016 expenses were projected to be 2.4% more than in fiscal year 2015. The largest percentage increases in budgeted expenditures were in capital projects (32%), mental health (22%) and government services to residents (10%). A notable decrease of 19% was budgeted in county environment and education where $149,000 was budgeted in fiscal year 2015 for hazard mitigation grant pass through expenses.

Net property tax dollars to be generated in fiscal year 2016 will increase approximately 3.9% from property taxes levied in fiscal year 2015 with a 1.8% increase in urban valuation, a 4.9% increase in rural valuation and a rural tax rate increase of $0.20 per thousand. At budget time, total revenues were anticipated to be $501,000 more than re-estimated revenues for fiscal year 2015. Factors influencing revenue include the additional $445,000 in net property taxes in addition to a projected increase of $449,000 in donations to the conservation trust fund less smaller decreases in other county taxes and TIF revenues ($72,000) and intergovernmental revenue ($373,000).

If these estimates are realized, the County's total operating fund balance is expected to decrease approximately $1.47 million or to a ratio of 23% of budgeted expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Marshall 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 Marshall County Auditor and Recorder's Office, 1 East Main Street, Marshalltown, Iowa 50158.

Marshall County
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 12,577,239
Receivables:	
Property tax:	
Delinquent	2,636
Succeeding year	13,265,651
Interest and penalty on property tax	1,160
Accounts	26,713
Accrued interest	1,635
Due from other governments	859,383
Inventories	1,114,565
Prepaid expenses	117,231
Capital assets, net of accumulated depreciation	45,894,204
Total assets	73,860,417
Deferred Outflows of Resources	
Pension related deferred outflows	889,695
Liabilities	
Accounts payable	565,764
Accrued interest payable	4,901
Salaries and benefits payable	189,487
Due to other governments	55,787
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	75,922
General obligation bonds	625,000
Compensated absences	727,626
Portion due or payable after one year:	
Capital lease purchase agreements	74,793
General obligation bonds	1,285,000
Net pension liability	2,659,146
Net OPEB liability	550,361
Total liabilities	6,813,787
Deferred Inflows of Resources	
Unavailable property tax revenue	13,265,651
Pension related deferred inflows	2,078,544
Total deferred inflows of resources	15,344,195

See notes to financial statements.

Marshall County
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities
Net Position	
Net investment in capital assets	43,833,489
Restricted for:	
Supplemental levy purposes	2,715,453
Mental health purposes	236,179
Rural services purposes	1,946,934
Secondary roads purposes	2,478,436
Debt service	47,425
Capital projects	373,949
Other purposes	547,906
Unrestricted	412,359
Total net position	$ 52,592,130

See notes to financial statements.

Marshall County
Statement of Activities
Year Ended June 30, 2015

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	$ 6,834,131	1,343,709	181,684	-
Physical health and social services	611,150	39,987	285,795	-
Mental health	4,751,712	1,732	118,645	-
County environment and education	962,843	52,931	24,925	153,240
Roads and transportation	7,117,928	84,005	3,994,582	853,556
Governmental services to residents	785,970	547,220	9	-
Administration	2,388,378	38,392	-	-
Non-program	103,082	2,901	-	-
Interest on long-term debt	134,913	-	-	-
Total	$ 23,690,107	2,110,877	4,605,640	1,006,796

General Revenues:

Property and other county tax levied for:

General purposes

Tax increment financing

Debt service

Interest and penalty on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position beginning of year, as restated

Net position end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position
(5,308,738)
(285,368)
(4,631,335)
(731,747)
(2,185,785)
(238,741)
(2,349,986)
(100,181)
(134,913)
(15,966,794)
11,442,381
115,743
703,452
103,752
858,525
1,222,611
63,400
248,806
14,758,670
(1,208,124)
53,800,254
$ 52,592,130

Marshall County
Balance Sheet
Governmental Funds
June 30, 2015

		Special Revenue	
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 6,089,736	217,593	1,809,436
Receivables:			
Property tax:			
Delinquent	1,879	434	158
Succeeding year	9,133,415	1,360,181	2,022,065
Interest and penalty on property tax	1,160	-	-
Accounts	26,463	-	250
Accrued interest	1,635	-	-
Due from other governments	230,902	28,289	195,751
Inventories	-	-	-
Prepaid expenses	110,320	-	-
Total assets	$ 15,595,510	1,606,497	4,027,660
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 180,682	924	35,386
Salaries and benefits payable	108,235	10,991	16,435
Due to other governments	48,335	-	6,757
Total liabilities	337,252	11,915	58,578
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	9,133,415	1,360,181	2,022,065
Other	2,078	361	83
Total deferred inflows of resources	9,135,493	1,360,542	2,022,148

Exhibit C

Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
1,096,275	48,697	373,949	545,548	10,181,234
-	165	-	-	2,636
-	750,000	-	-	13,265,661
-	-	-	-	1,160
-	-	-	-	26,713
-	-	-	-	1,635
399,252	-	-	5,189	859,383
1,114,565	-	-	-	1,114,565
6,911	-	-	-	117,231
2,617,003	798,862	373,949	550,737	25,570,218
97,128	-	-	2,831	316,951
53,826	-	-	-	189,487
695	-	-	-	55,787
151,649	-	-	2,831	562,225
-	750,000	-	-	13,265,661
-	138	-	-	2,660
-	750,138	-	-	13,268,321

Marshall County
Balance Sheet (Continued)
Governmental Funds
June 30, 2015

		Special Revenue	
	General	Mental Health	Rural Services
Fund balances:			
Nonspendable:			
Inventories	$ -	-	-
Prepaid expenses	110,320	-	-
Restricted for:			
Supplemental levy purposes	2,605,133	-	-
Mental health purposes	-	234,040	-
Rural services purposes	-	-	1,946,934
Secondary roads purposes	-	-	-
Conservation land acquisition	329,043	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Committed for capital projects	40,000	-	-
Assigned for conservation purposes	474,829	-	-
Assigned for sheriff	185,449	-	-
Unassigned	2,377,991	-	-
Total fund balances	6,122,765	234,040	1,946,934
Total liabilities, deferred inflows of resources and fund balances	$ 15,595,510	1,606,497	4,027,660

Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
1,114,565	-	-	-	1,114,565
6,911	-	-	-	117,231
-	-	-	-	2,605,133
-	-	-	-	234,040
-	-	-	-	1,946,934
1,343,878	-	-	-	1,343,878
-	-	-	-	329,043
-	48,724	-	-	48,724
-	-	373,949	-	373,949
-	-	-	547,906	547,906
-	-	-	-	40,000
-	-	-	-	474,829
-	-	-	-	185,449
-	-	-	-	2,377,991
2,465,354	48,724	373,949	547,906	11,739,672
2,617,003	798,862	373,949	550,737	25,570,218

Exhibit D

Marshall County
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2015

Total governmental fund balances (page 19)		$ 11,739,672
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $86,963,693 and the accumulated depreciation is $41,069,489.		45,894,204
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows in the governmental funds.		2,660
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health and dental insurance benefit plans to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Postion.		2,147,192
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	$ 889,695	
Deferred inflows of resources	(2,078,544)	(1,188,849)
Long-term liabilities, including capital lease purchase agreements payable, bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(6,002,749)
Net position of governmental activities (page 13)		$ 52,592,130

See notes to financial statements.

Marshall County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General	Special Revenue Mental Health	Special Revenue Rural Services	Special Revenue Secondary Roads
Revenues:				
Property and other county tax	$ 7,909,199	1,823,725	1,709,661	-
Local option sales tax	-	-	1,222,611	-
Interest and penalty on property tax	104,649	-	-	-
Intergovernmental	2,156,178	250,639	180,457	4,423,197
Licenses and permits	50	-	43,939	8,095
Charges for service	805,296	1,702	-	30,027
Use of money and property	206,077	-	-	586
Miscellaneous	266,489	30	46	45,883
Total revenues	11,447,938	2,076,096	3,156,714	4,507,788
Expenditures:				
Operating:				
Public safety and legal services	6,581,714	-	756,806	-
Physical health and social services	583,792	-	28,452	-
Mental health	-	4,767,126	-	-
County environment and education	608,115	-	230,547	-
Roads and transportation	-	-	-	5,820,001
Governmental services to residents	812,852	-	1,277	-
Administration	2,547,928	-	-	-
Debt service	-	-	-	-
Capital projects	44,594	-	-	357,134
Total expenditures	11,178,995	4,767,126	1,017,082	6,177,135
Excess (deficiency) of revenues over (under) expenditures	268,943	(2,691,030)	2,139,632	(1,669,347)
Other financing sources (uses):				
Sale of capital assets	6,800	-	-	-
Transfers in	244,525	-	-	2,266,738
Transfers out	-	-	(2,066,738)	-
Capital lease purchase agreements	46,289	-	-	-
Total other financing sources (uses)	297,614	-	(2,066,738)	2,266,738
Change in fund balances	566,557	(2,691,030)	72,894	597,391
Fund balances beginning of year	5,556,208	2,925,070	1,874,040	1,867,963
Fund balances end of year	$ 6,122,765	234,040	1,946,934	2,465,354

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
703,422	-	115,743	12,261,750
-	-	-	1,222,611
-	-	-	104,649
50,846	-	25,676	7,086,993
-	-	-	52,084
-	-	5,621	842,646
-	1,493	183	208,339
-	-	44,167	356,615
754,268	1,493	191,390	22,135,687
-	-	8,810	7,347,330
-	-	-	612,244
-	-	-	4,767,126
-	-	134,272	972,934
-	-	-	5,820,001
-	-	7,211	821,340
-	-	-	2,547,928
748,865	-	-	748,865
-	488,410	38,936	929,074
748,865	488,410	189,229	24,566,842
5,403	(486,917)	2,161	(2,431,155)
-	-	-	6,800
-	-	22,282	2,533,545
-	(394,525)	(72,282)	(2,533,545)
-	-	4,665	50,954
-	(394,525)	(45,335)	57,754
5,403	(881,442)	(43,174)	(2,373,401)
43,321	1,255,391	591,080	14,113,073
48,724	373,949	547,906	11,739,672

Marshall County
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

Change in fund balances - Total governmental funds (page 22)		$ (2,373,401)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activites report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceed capital outlay expenditures in the current year, as follows:		
Expenditures for capital assets	$ 1,851,978	
Capital assets contributed by the Iowa Department of Transportation	350,866	
Depreciation expense	(2,454,157)	(251,313)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows in the governmental funds, as follows:		
Property tax		(1,071)
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 repayments exceeded issuances, as follows:		
Issued	(50,954)	
Repaid	723,852	672,898
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.		722,327
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	(107,707)	
Other postemployment benefits	(116,350)	
Pension expense	(228,558)	
Interest on long-term debt	3,952	(448,663)
The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health and dental insurance benefit plans to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		471,099
Change in net position of governmental activities (page 15)		$ (1,208,124)

See notes to financial statements.

Marshall County
Statement of Net Position
Proprietary Fund
June 30, 2015

	Internal Service-Employee Group Health
Current Assets	
Cash and cash equivalents	$ 2,396,005
Current Liabilities	
Accounts payable	248,813
Net Position	
Unrestricted	$ 2,147,192

See notes to financial statements.

Marshall County
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2015

		Internal Service-Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 2,117,240
Reimbursements from employees and others		153,186
Insurance reimbursements		453,202
Total operating revenues		2,723,628
Operating expenses:		
Medical claims	$ 1,728,437	
Insurance premiums	424,143	
Adminstrative fees	102,850	2,255,430
Operating income		468,198
Non-operating revenues:		
Interest income		2,901
Net income		471,099
Net position beginning of year		1,676,093
Net position end of year		$ 2,147,192

See notes to financial statements.

Marshall County
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2015

	Internal Service- Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 2,117,240
Cash received from employees and others	658,047
Cash paid to suppliers for services	(2,294,717)
Net cash provided by operating activities	480,570
Cash flows from investing activities:	
Interest on investments	2,901
Net increase in cash and cash equivalents	483,471
Cash and cash equivalents beginning of year	1,912,534
Cash and cash equivalents end of year	$ 2,396,005
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 468,198
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	51,659
(Decrease) in accounts payable	(39,287)
Net cash provided by operating activities	$ 480,570

See notes to financial statements.

Marshall County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 5,985,199
Other County officials	166,369
Receivables:	
Property tax:	
Delinquent	9,923
Succeeding year	41,100,159
Accounts	52,269
Accrued interest	3,166
Assessments	140,185
Total assets	47,457,270
Liabilities	
Accounts payable	33,546
Salaries and benefits payable	401
Due to other governments	47,148,314
Trusts payable	212,120
Compensated absences	62,889
Total liabilities	47,457,270
Net position	$ -

See notes to financial statements.

Marshall County
Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies

Marshall 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/Recorder, Treasurer, 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, Marshall 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 Marshall 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.

Four 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 the Marshall 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 Marshall County Auditor's office.

One drainage district, a joint district between Marshall and Story Counties, is managed and supervised by elected trustees. This district is included as an Agency Fund of the County.

(1) Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Marshall County Assessor's Conference Board, Marshall County E911 Service Board and Marshall County Emergency Management Commission. 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.

The County has been designated as trustee of the Marshall County Solid Waste Management Commission's Irrevocable Trust Fund. The purpose of this fund is to demonstrate financial assurance for closure, post-closures and corrective action as required by law. The County's responsibility for this fund is limited to a fiduciary relationship and as such, the activity has been reported in an Agency Fund of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E and Chapter 256I of the Code of Iowa: Marshall County Public Safety Communications Center, Solid Waste Management Commission of Marshall County, Region Six Planning Commission, Central Iowa Juvenile Detention Center, Mid-Iowa Drug Task Force, Central Iowa Community Service Region and Iowa River Valley Early Childhood Area.

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

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

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:

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

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

C. Measurement Focus and Basis of Accounting

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

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

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

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

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

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

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

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 acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. 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 repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

(1) Summary of Significant Accounting Policies (continued)

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

Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	30 – 50
Building improvements	20 – 50
Infrastructure	15 – 65
Equipment	5 – 25
Vehicles	7 – 10

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

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

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

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

1) Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Nonspendable – Amounts which cannot be spent because they are in 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.

(1) Summary of Significant Accounting Policies (continued)

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

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 ensure 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.

Marshall County
Notes to Financial Statements
June 30, 2015

(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	$ 2,066,738
	Capital Projects	200,000
		2,266,738
General	Capital Projects	194,525
	Special Revenue:	
	Attorney's Collections	50,000
		244,525
Special Revenue:	Special Revenue:	
Moderate Income Housing	Urban Renewal Revenue	22,282
		$ 2,533,545

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

(4) Long-Term Liabilities

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

	General Obligation Bonds	Capital Lease Purchase Agreements	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	$ 2,520,000	213,613	619,918	5,045,742	434,011	8,833,284
Increases	-	50,954	143,629	-	116,350	310,933
Decreases	610,000	113,852	35,921	2,386,596	-	3,146,369
Balance end of year	$ 1,910,000	150,715	727,626	2,659,146	550,361	5,997,848
Due within one year	$ 625,000	75,922	727,626	-	-	1,428,548

(4) Long-Term Liabilities (continued)

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease vehicles for the sheriff's office and for the purchase of computer equipment with historical costs of $272,496. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 3.64% to 6.50% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2015:

Year ending June 30,	Sheriff's Vehicles	Computer Equipment	Total
2016	$ 40,509	41,077	81,586
2017	-	34,192	34,192
2018	-	31,646	31,646
2019	-	16,820	16,820
Total minimum lease payments	40,509	123,735	164,244
Less amount representing interest	2,126	11,403	13,529
Present value of net minimum lease payments	$ 38,383	112,332	150,715

Payments under capital lease purchase agreements totaled $129,842 for the year ended June 30, 2015.

Industrial Development Revenue Bonds

The County has issued a total of $6,790,000 in industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which $4,412,259 is outstanding at June 30, 2015. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

Bonds Payable

A summary of the County's June 30, 2015 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.00 %	$ 625,000	38,200	663,200
2017	2.00	640,000	25,700	665,700
2018	2.30	645,000	12,900	657,900
Total		$ 1,910,000	76,800	1,986,800

During the year ended June 30, 2015, the County retired $610,000 of general obligation bonds.

(5) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health and dental insurance benefit plans. The plans are funded by both employee and County contributions and are administered through a service agreement with Wellmark Blue Cross and Blue Shield of South Dakota. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Select Benefits Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2015 was $2,117,240.

Amounts payable from the Employee Group Health Insurance Fund at June 30, 2015 total $248,813, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was $2,147,192 at June 30, 2015 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No.10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	$ 288,100
Incurred claims (including claims incurred but not reported at June 30, 2015)	1,728,437
Payments:	
Payments on claims during the fiscal year	1,767,724
Unpaid claims end of year	$ 248,813

(6) Pension Plan

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

(6) Pension Plan (continued)

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

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

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

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

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% 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.

(6) Pension Plan (continued)

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 $722,327.

Collective Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the County reported a liability of $2,659,146 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the collective 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 proportion was .0670501%, which was a decrease of .020829% from its proportion at June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $228,558. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(6) Pension Plan (continued)

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and acutal experience	$	33,002	75,423
Changes of assumptions		134,011	55,663
Net difference between projected and actual earnings on pension plan investments		-	1,886,688
Changes in proportion and differences between County contributions and proportionate share of contributions		355	60,770
County contributions subsequent to the measurement date		722,327	-
Total	$	889,695	2,078,544

$722,327 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,		
2016	$	(477,394)
2017		(477,394)
2018		(477,394)
2019		(477,394)
2020		(1,600)
	$	(1,911,176)

There were no non-employer contributing entities at IPERS.

(6) Pension Plan (continued)

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
Salary increases (effective June 30, 2010)	4.00 percent, average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan 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 %	

(6) Pension Plan (continued)

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability (asset):	$ 6,913,597	$ 2,659,146	$ (927,335)

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 did not report any payables to the defined benefit pension plan as all employer contributions and employee contributions that had been withheld from employee wages had been remitted to IPERS before year end.

(7) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 150 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by Wellmark Blue Cross and Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

(7) Other Postemployment Benefits (OPEB) (continued)

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	$ 126,644
Interest on net OPEB obligation	17,360
Adjustment to annual required contribution	(25,099)
Annual OPEB cost	118,905
Contributions made	(2,555)
Increase in net OPEB obligation	116,350
Net OPEB obligation beginning of year	434,011
Net OPEB obligation end of year	$ 550,361

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

For the year ended June 30, 2015, plan members eligible for benefits contributed $2,555, or 100% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 66,660	13.0%	$ 57,966
2010	67,285	12.8%	116,617
2011	61,611	14.0%	169,594
2012	99,329	29.3%	239,834
2013	102,206	7.1%	334,796
2014	105,937	6.3%	434,011
2015	118,905	2.2%	550,361

(7) Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $1,088,116, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1,088,116. The covered payroll (annual payroll of active employees covered by the plan) was approximately $7,480,885 and the ratio of the UAAL to covered payroll was 14.5%. 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 health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 8.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP-2014 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 $784.54 per month for retirees less than age 65. The salary increase rate was assumed to be 2.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) 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
General	Services	$ 48,335
Special Revenue:		
Secondary Roads	Services	695
Rural Services	Services	6,757
		7,452
Total for governmental funds		$ 55,787
Agency:		
County Assessor	Collections	$ 677,596
Schools		25,306,265
Community Colleges		2,775,260
Corporations		12,340,249
Auto License and Use Tax		902,832
Solid Waste Irrevocable Trust		3,923,918
All other		1,222,194
Total for agency funds		$ 47,148,314

Marshall County
Notes to Financial Statements
June 30, 2015

(9) 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	$ 2,427,001	-	-	2,427,001
Total capital assets not being depreciated	2,427,001	-	-	2,427,001
Capital assets being depreciated:				
Buildings	23,519,960	636,274	-	24,156,234
Equipment and vehicles	9,394,035	871,770	124,858	10,140,947
Infrastructure, road network	49,531,511	708,000	-	50,239,511
Total capital assets being depreciated	82,445,506	2,216,044	124,858	84,536,692
Less accumulated depreciation for:				
Buildings	10,797,656	385,548	-	11,183,204
Equipment and vehicles	4,811,702	608,873	111,658	5,308,917
Infrastructure, road network	23,117,632	1,459,735	-	24,577,367
Total accumulated depreciation	38,726,990	2,454,157	111,658	41,069,489
Total capital assets being depreciated, net	43,718,516	(238,113)	13,200	43,467,203
Governmental activities capital assets, net	$ 46,145,517	(238,113)	13,200	45,894,204

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 281,601
Physical health and social services	2,618
County environment and education	128,548
Roads and transportation	1,779,492
Governmental services to residents	22,362
Administration	239,536
Total depreciation expense - governmental activities	$ 2,454,157

(10) Operating Leases

The County has entered into several other leases for operating space used by various county departments and leases for office copy machines. The leases expire at various times through August 1, 2019. The following is a schedule by year of the total annual lease costs required under the operating leases.

Year Ending June 30,	Annual Rent Due
2016	$ 106,008
2017	92,404
2018	89,841
2019	87,478
2020	7,290
2021	-
Total	$ 383,021

The total annual lease costs for the year ended June 30, 2015 were $107,408.

(11) Risk Management

Marshall County is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limits. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Marshall County Financial Information Included in the Mental Health/Disability Services of the Central Iowa Community Service Region

Mental Health/Disability Services of the Central Iowa Community Service 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: Boone County, Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County and Warren County. The financial activity of Marshall County's Special Revenue, Mental Health Fund is included in the Mental Health/Disability Services of the Central Iowa Community Service Region for the year ended June 30, 2015 as follows:

(12) Marshall County Financial Information Included in the Mental Health/Disability Services of the Central Iowa Community Service Region (continued)

Revenues:		
Property and other county tax		$ 1,823,725
Intergovernmental revenues:		
State tax credits	$ 131,994	
Social services block grant	118,645	250,639
Charges for services		1,702
Miscellaneous		30
Total revenues		2,076,096
Expenditures:		
Services to persons with:		
Mental illness	679,725	
Intellectual disabilities	99,235	
Other developmental disabilities	14,674	793,634
General administration		
Direct administration	142,666	
Purchased administration	7,494	
Distribution to regional fiscal agent	3,823,332	3,973,492
Total expenditures		4,767,126
Deficiency of revenues under expenditures		(2,691,030)
Fund balance beginning of year		2,925,070
Fund balance end of year		$ 234,040

(13) Prospective Accounting Change

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:

(13) Prospective Accounting Change (continued)

		Governmental Activities
Net position June 30, 2014, as previously reported	$	58,142,019
Net pension liability at June 30, 2014		(5,045,742)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date		703,977
Net position July 1, 2014, as restated	$	53,800,254

(14) Date of Management Evaluation

Management has evaluated subsequent events through December 16, 2015, the date on which the financial statements were available to be issued.

Required Supplementary Information

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

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	$ 13,471,900	-
Interest and penalty on property tax	104,183	-
Intergovernmental	6,940,987	-
Licenses and permits	50,291	-
Charges for service	730,631	-
Use of money and property	205,694	-
Miscellaneous	419,616	682
Total receipts	21,923,302	682
Disbursements:		
Public safety and legal services	7,281,621	-
Physical health and social services	593,260	-
Mental health	4,905,991	-
County environment and education	980,241	-
Roads and transportation	6,199,925	-
Governmental services to residents	813,847	-
Administration	2,627,516	-
Debt service	748,865	-
Capital projects	930,395	-
Total disbursements	25,081,661	-
Excess (deficiency) of receipts over (under) disbursements	(3,158,359)	682
Other financing sources, net	6,800	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(3,151,559)	682
Balance beginning of year	13,332,793	7,500
Balance end of year	$ 10,181,234	8,182

See accompanying independent auditors' report.

	Budgeted Amounts		Final to Net
Net	Original	Final	Variance
13,471,900	13,390,974	13,502,533	(30,633)
104,183	-	-	104,183
6,940,987	6,550,485	7,220,162	(279,175)
50,291	46,727	46,727	3,564
730,631	765,055	765,847	(35,216)
205,694	218,713	231,213	(25,519)
418,934	195,400	252,915	166,019
21,922,620	21,167,354	22,019,397	(96,777)
7,281,621	7,862,128	7,884,428	602,807
593,260	1,004,484	1,004,484	411,224
4,905,991	1,931,719	4,907,495	1,504
980,241	976,538	1,150,884	170,643
6,199,925	6,142,750	6,233,150	33,225
813,847	943,737	959,337	145,490
2,627,516	2,941,353	3,077,753	450,237
748,865	749,700	758,700	9,835
930,395	1,581,278	1,344,874	414,479
25,081,661	24,133,687	27,321,105	2,239,444
(3,159,041)	(2,966,333)	(5,301,708)	2,142,667
6,800	1,237,500	12,500	(5,700)
(3,152,241)	(1,728,833)	(5,289,208)	2,136,967
13,325,293	9,369,417	13,220,878	104,415
10,173,052	7,640,584	7,931,670	2,241,382

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

	Governmental Funds			
		Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$	21,923,302	212,385	22,135,687
Expenditures		25,081,661	(514,819)	24,566,842
Net		(3,158,359)	727,204	(2,431,155)
Other financing sources, net		6,800	50,954	57,754
Beginning fund balances		13,332,793	780,280	14,113,073
Ending fund balances	$	10,181,234	1,558,438	11,739,672

Marshall County
Notes to Required Supplementary Information-
Budgetary Reporting
June 30, 2015

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $3,187,418. The budget amendment is reflected in the final budgeted amounts.

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

Marshall County
Schedule of the County's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year*
Required Supplementary Information

		2015
County's proportion of the net pension liability (asset)		0.0670501 %
County's proportionate share of the net pension liability (asset)	$	2,659,146
County's covered-employee payroll	$	7,587,125
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll		35.05 %
Plan fiduciary net position as a percentage of the total pension liability		87.61 %

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Marshall County
Schedule of County Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years
Required Supplementary Information

		2015	2014	2013	2012
Statutorily required contribution	$	722,327	703,957	681,722	646,050
Contributions in relation to the statutorily required contribution		(722,327)	(703,957)	(681,722)	(646,050)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	7,768,922	7,587,125	7,446,144	7,418,441
Contributions as a percentage of covered-employee payroll		9.30%	9.28%	9.16%	8.71%

See accompanying indpendent auditors' report.

2011	2010	2009	2008	2007	2006
567,532	523,502	481,538	427,725	395,967	391,179
(567,532)	(523,502)	(481,538)	(427,725)	(395,967)	(391,179)
-	-	-	-	-	-
7,310,460	7,231,017	6,984,050	6,791,396	6,424,170	6,388,204
7.76%	7.24%	6.89%	6.30%	6.16%	6.12%

Marshall County
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 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 for 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.

Marshall County
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)
2009	July 1, 2008	-	$ 764,414	$ 764,414	0.0%	$ 6,706,729	11.6%
2010	July 1, 2008	-	764,414	764,414	0.0%	7,006,508	10.9%
2011	July 1, 2008	-	764,414	764,414	0.0%	7,081,075	10.8%
2012	July 1, 2011	-	811,537	811,537	0.0%	7,086,601	11.5%
2013	July 1, 2011	-	811,537	811 537	0.0%	7,303,834	11.1%
2014	July 1, 2011	-	811,537	811,537	0.0%	7,501,366	10.8%
2015	July 1, 2014	-	1,088,116	1,088,116	0.0%	7,480,885	14.5%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost, net OPEB Obligation, funded status and funding progress.

Supplementary Information

Marshall County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

		Special			
		Resource Enhancement and Protection	Sheriff's Investigative	County Recorder's Records Management	Attorney's Forfeiture
Assets					
Cash, cash equivalents and pooled investments	$	73,989	5,978	11,219	602
Due from other governments		-	-	-	-
Total assets	$	73,989	5,978	11,219	602
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$	-	-	2,546	-
Fund balances:					
Restricted for:					
Other purposes		73,989	5,978	8,673	602
Total liabilities and fund balances	$	73,989	5,978	11,219	602

Revenue			
Attorney's Collections	Drainage Certificates	Moderate Income Housing	Total
69,423	8,182	376,155	545,548
5,189	-	-	5,189
74,612	8,182	376,155	550,737
285	-	-	2,831
74,327	8,182	376,155	547,906
74,612	8,182	376,155	550,737

Marshall County
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

				Special
	Resource Enhancement and Protection	Sheriff's Investigative	County Recorder's Records Management	Attorney's Forfeiture
Revenues:				
Property and other county tax	$ -	-	-	-
Intergovernmental	22,296	-	-	-
Charges for service	-	-	5,621	-
Use of money and property	143	-	9	-
Miscellaneous	-	1,000	-	-
Total revenues	22,439	1,000	5,630	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	-	-
Government services to residents	-	-	7,211	-
Capital projects	38,936	-	-	-
Total expenditures	38,936	-	7,211	-
Excess (deficiency) of revenues over (under) expenditures	(16,497)	1,000	(1,581)	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital lease purchase agreement	-	-	4,665	-
Total other financing sources (uses)	-	-	4,665	-
Change in fund balances	(16,497)	1,000	3,084	-
Fund balances beginning of year	90,486	4,978	5,589	602
Fund balances end of year	$ 73,989	5,978	8,673	602

Revenue				
Attorney's Collections	Drainage Certificates	Urban Renewal Revenue	Moderate Income Housing	Total
-	-	115,743	-	115,743
-	-	3,380	-	25,676
-	-	-	-	5,621
31	-	-	-	183
42,035	682	450	-	44,167
42,066	682	119,573	-	191,390
8,810	-	-	-	8,810
-	-	97,741	36,531	134,272
-	-	-	-	7,211
-	-	-	-	38,936
8,810	-	97,741	36,531	189,229
33,256	682	21,832	(36,531)	2,161
-	-	-	22,282	22,282
(50,000)	-	(22,282)	-	(72,282)
-	-	-	-	4,665
(50,000)	-	(22,282)	22,282	(45,335)
(16,744)	682	(450)	(14,249)	(43,174)
91,071	7,500	450	390,404	591,080
74,327	8,182	-	376,155	547,906

Marshall County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	County Offices		Agricultural	
	County Recorder	County Sheriff	Extension Education	County Assessor
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ -	-	2,449	297,334
Other County officials	31,696	134,673	-	-
Receivables:				
Property tax:				
Delinquent	-	-	50	99
Succeeding year	-	-	235,000	440,000
Accounts	12	-	-	90
Accrued interest	-	-	-	-
Assessments	-	-	-	-
Total assets	$ 31,708	134,673	237,499	737,523
Liabilities				
Accounts payable	$ -	-	-	-
Salaries and benefits payable	-	-	-	401
Due to other governments	31,708	-	237,499	677,596
Trusts payable	-	134,673	-	-
Compensated absences	-	-	-	59,526
Total liabilities	$ 31,708	134,673	237,499	737,523

See accompanying independent auditors' report.

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
266,920	29,038	147,456	5,084	53	15,111	902,832
-	-	-	-	-	-	-
5,467	603	3,650	53	1	-	-
25,033,878	2,745,619	12,189,143	451,546	4,973	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	140,185	-
25,306,265	2,775,260	12,340,249	456,683	5,027	155,296	902,832
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,306,265	2,775,260	12,340,249	456,683	5,027	155,296	902,832
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,306,265	2,775,260	12,340,249	456,683	5,027	155,296	902,832

Marshall County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds (Continued)
June 30, 2015

		Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$	196,216	113,071	3,920,752
Other County officials		-	-	-
Receivables:				
Property tax:				
Delinquent		-	-	-
Succeeding year		-	-	-
Accounts		28,697	-	-
Accrued interest		-	-	3,166
Assessments		-	-	-
Total assets	$	224,913	113,071	3,923,918
Liabilities				
Accounts payable	$	659	-	-
Salaries and benefits payable		-	-	-
Due to other governments		220,891	113,071	3,923,918
Trusts payable		-	-	-
Compensated absences		3,363	-	-
Total liabilities	$	224,913	113,071	3,923,918

E911	Other	Total
9,716	79,167	5,985,199
-	-	166,369
-	-	9,923
-	-	41,100,159
23,470	-	52,269
-	-	3,166
-	-	140,185
33,186	79,167	47,457,270
32,887	-	33,546
-	-	401
299	1,720	47,148,314
-	77,447	212,120
-	-	62,889
33,186	79,167	47,457,270

Marshall County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	County Offices		Agricultural	
	County Recorder	County Sheriff	Extension Education	County Assessor
Assets and Liabilities				
Balances beginning of year	$ 18,268	110,732	227,538	708,687
Additions:				
Property and other county tax	-	-	222,431	415,408
E911 surcharge	-	-	-	-
State tax credits	-	-	15,375	30,065
Interest	-	-	-	-
Office fees and collections	487,715	145,043	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	543,302	-	-
Miscellaneous	-	-	-	570
Total additions	487,715	688,345	237,806	446,043
Deductions:				
Agency remittances:				
To other funds	209,177	158,558	-	-
To other governments	265,098	-	227,845	417,207
Trusts paid out	-	505,846	-	-
Total deductions	474,275	664,404	227,845	417,207
Balances end of year	$ 31,708	134,673	237,499	737,523

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
24,699,912	2,759,163	12,400,878	431,293	4,949	198,117	855,665
23,661,439	2,553,603	12,901,972	428,709	4,699	-	-
-	-	-	-	-	-	-
1,693,041	183,432	1,040,388	24,379	334	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	10,662,899
-	-	-	-	-	54,250	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,354,480	2,737,035	13,942,360	453,088	5,033	54,250	10,662,899
-	-	-	-	-	-	363,126
24,748,127	2,720,938	14,002,989	427,698	4,955	97,071	10,252,606
-	-	-	-	-	-	-
24,748,127	2,720,938	14,002,989	427,698	4,955	97,071	10,615,732
25,306,265	2,775,260	12,340,249	456,683	5,027	155,296	902,832

Marshall County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2015

		Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	E911
Assets and Liabilities					
Balances beginning of year	$	188,750	83,155	3,743,277	39,695
Additions:					
Property and other county tax		-	-	-	-
E911 surcharge		-	-	-	135,567
State tax credits		-	-	-	-
Interest		-	-	20,641	27
Office fees and collections		-	-	-	-
Auto licenses, use tax and postage		-	-	-	-
Assessments		-	-	-	-
Trusts		-	602,901	-	-
Miscellaneous		152,749	-	160,000	-
Total additions		152,749	602,901	180,641	135,594
Deductions:					
Agency remittances:					
To other funds		-	-	-	-
To other governments		116,586	-	-	142,103
Trusts paid out		-	572,985	-	-
Total deductions		116,586	572,985	-	142,103
Balances end of year	$	224,913	113,071	3,923,918	33,186

Other	Total
82,661	46,552,740
12,217	40,200,478
-	135,567
-	2,987,014
8	20,676
5,621	638,379
2,001	10,664,900
-	54,250
27,644	1,173,847
134,195	447,514
181,686	56,322,625
-	730,861
19,707	53,442,930
165,473	1,244,304
185,180	55,418,095
79,167	47,457,270

Marshall County
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds
For the Last Ten Years

		2015	2014	2013	2012
Revenues:					
Property and other county tax	$	12,261,750	12,593,094	12,318,561	12,485,437
Local option sales tax		1,222,611	1,134,553	1,074,652	925,628
Interest and penalty on property tax		104,649	116,324	108,006	114,693
Intergovernmental		7,086,993	6,353,340	6,279,617	9,623,543
Licenses and permits		52,084	194,955	227,073	83,260
Charges for service		842,646	771,758	973,531	775,389
Use of money and property		208,339	197,831	221,486	232,034
Miscellaneous		356,615	304,600	220,294	287,780
Total	$	22,135,687	21,666,455	21,423,220	24,527,764
Expenditures:					
Operating:					
Public safety and legal services	$	7,347,330	7,251,390	6,907,463	6,920,295
Physical health and social services		612,244	686,973	812,509	871,968
Mental health		4,767,126	1,151,650	1,586,563	4,360,668
County environment and education		972,934	954,346	1,286,349	1,033,112
Roads and transportation		5,820,001	6,159,224	6,200,500	5,904,478
Governmental services to residents		821,340	937,099	722,347	695,428
Administration		2,547,928	2,865,986	2,459,776	2,476,554
Debt service		748,865	634,839	593,550	594,129
Capital projects		929,074	139,771	434,453	1,431,830
Total	$	24,566,842	20,781,278	21,003,510	24,288,462

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
12,058,876	11,692,229	11,055,070	10,472,684	9,001,670	8,405,905
1,201,856	1,406,106	1,118,897	1,086,528	1,152,504	976,259
138,983	120,109	120,826	106,923	94,099	85,590
8,042,690	7,808,697	7,411,323	9,179,285	8,308,773	7,820,874
420,754	54,908	43,873	54,848	40,403	46,066
783,293	764,880	752,121	734,071	766,129	796,291
266,364	290,270	378,597	521,697	531,424	455,809
426,616	390,469	308,071	321,900	317,997	692,254
23,339,432	22,527,668	21,188,778	22,477,936	20,212,999	19,279,048
6,553,666	6,303,830	5,897,532	5,729,854	5,549,685	5,657,380
915,115	1,037,554	920,438	889,834	761,605	850,979
3,939,338	3,565,959	3,795,990	3,759,441	3,401,778	3,128,228
941,991	881,014	880,818	841,792	794,776	804,072
5,682,722	5,335,732	5,141,859	5,926,324	5,116,544	4,714,904
821,502	835,702	796,497	769,337	743,642	990,407
2,461,677	2,696,270	2,427,338	2,328,010	2,278,439	2,197,990
2,482,182	581,984	734,733	683,613	661,272	653,589
1,120,566	345,886	867,654	647,702	1,238,663	1,532,287
24,918,759	21,583,931	21,462,859	21,575,907	20,546,404	20,529,836

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

Schedule 6

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Joint Law Enforcement Operations	16.111	WC-IAN-0117	$ 2,630
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Adminstrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		25,312
U.S. Department of Justice:			
Iowa Department of Commerce:			
Iowa Alcoholic Beverage Commission:			
Enforcing Underage Drinking Laws Program	16.727		400
Iowa Department of Justice-Crime Victims Assistance Division:			
Crime Victim Assistance	16.575	VA-15-60-CJ	31,464
Violence Against Women Formula Grants	16.588	VW-154-60-CJ	33,244
Governor's Office of Drug Control Policy:			
Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	11-JAG-59592	94,903
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO64(103)-8J-64	285,707
Highway Planning and Construction	20.205	DDIR-IA-14-01-64-01	9,613
			295,320
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP-14-402 Task 15	4,432
State and Community Highway Safety	20.600	PAP-15-402 Task 16	4,245
			8,677
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Adminstrative Reimbursements:			
Refugee and Entrant Assistance-State Administered Programs	93.566		54
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		6,549
Children's Health Insurance Program	93.767		156
Foster Care-Title IV-E	93.658		9,699
Adoption Assistance	93.659		3,059
Medical Assistance Program	93.778		47,734
Social Services Block Grant	93.667		7,779

See accompanying independent auditors' report.

Marshall County

Schedule 6

Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Homeland Security Division:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4126DRIA	115,524
Hazard Mitigation Grant	97.039	DR-4114-64-01	62,530
Emergency Management Performance Grants	97.042	EMPG-14-PT-64	6,695
Emergency Management Performance Grants	97.042	EMPG-15-PT-64	26,439
			33,134
Homeland Security Grant Program	97.067	HSGP-13-SHSP-57	829
Homeland Security Grant Program	97.067	HSGP-14-SHSP-55	3,963
			4,792
Total indirect			780,330
Total			$ 782,960

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

BOWMAN & MILLER, P.C.

CERTIFIED ♦ PUBLIC ♦ ACCOUNTANTS

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6336

Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com
Nathan P. Minkel, CPA • nathan@bowmanandmillerpc.com

Independent Auditors' 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 Marshall 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 Marshall 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 December 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marshall 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 Marshall County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marshall 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control that we consider to be 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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 and II-B-15 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall 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 IV of the accompanying Schedule of Findings and Questioned Costs.

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

Marshall County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 Marshall 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.

Bowman and Miller, P.C.

December 16, 2015

BOWMAN & MILLER, P.C.

CERTIFIED ♦ PUBLIC ♦ ACCOUNTANTS

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6336

Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com
Nathan P. Minkel, CPA • nathan@bowmanandmillerpc.com

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

To the Officials of Marshall County:

Report on Compliance of Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Marshall 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 programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Marshall 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 Marshall County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 Marshall County's internal control over compliance.

A deficiency in the County's 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 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.

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

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

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.

Bowman and Miller, P.C.

December 16, 2015

Marshall County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Part I: Summary of the Independent Auditors' Results:

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

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

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

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

(e) The major programs are:
CFDA Number 20.205 – Highway Planning and Construction

CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

(g) Marshall County did not qualify as a low-risk auditee.

Marshall County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Sheriff
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.	Sheriff

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

Response – The sheriff's office will review their office policies and attempt to segregate duties where possible. Where it is not possible increased review by supervisory personnel will be performed.

Conclusion – Response accepted.

II-B-15 Sheriff's Reconciliation – The Sheriff's office was not reconciling their books to bank balances and was not maintaining an accurate outstanding check and trust list at year end. The Sheriff's office purchased a new accounting software program in October 2014 and discrepancies in balancing have been present since that time.

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

Recommendation – Book balances should be reconciled at the end of each month to bank account balances and a list of outstanding checks and trusts on hand should be prepared and retained.

Response – We have been working with the Zuercher software company to make adjustments necessary to comply with the needed processes. We firmly feel all things should work out as we move forward.

Conclusion – Response accepted.

INSTANCES OF NON COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

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

IV-B-15 Questionable Expenditures – We noted no expenditures that we believe may 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.

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

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

Business Connection	Description	Amount
Dave Thompson, Board of Supervisor, Owner of Thompson True-Value	Supplies	$ 406
Dennis Bachman, father of Kim Elder, Emergency Management Director	EMS Training	784
Curt Miller, Secondary Road employee, Owner, Keen Edge	Services	642

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Dave Thompson, Dennis Bachman and Curt Miller do not appear to represent conflicts of interest since total transactions with these individuals was less than $1,500 during the fiscal year.

IV-E-15 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of 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 Pooled Investments – No instances of non-compliance with the deposit and pooled investment provisions of Chapter 12B and Chapter 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 during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

Marshall County
Audit Staff

This audit was performed by:

Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

Elizabeth A. Miller, CPA, Principal
Nathan P. Minkel, CPA, Principal
Taylor G. Johnson, CPA, Staff
Diana S. Swanson, Staff