

**SIOUX COUNTY, IOWA  
Independent Auditors' Report  
Financial Statements  
And  
Other Supplemental Information  
Schedule of Findings and Questioned Costs  
June 30, 2015**

# SIOUX COUNTY, IOWA

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# SIOUX COUNTY, IOWA

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## SIOUX COUNTY, IOWA

### County Officials

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Mark Sybesma	Board of Supervisors	January, 2017
Al Bloemendaal	Board of Supervisors	January, 2017
Dennis Wright	Board of Supervisors	January, 2019
Arlyn Kleinwolterink	Board of Supervisors	January, 2019
John Degen	Board of Supervisors	January, 2017
Lois Huitink	County Auditor	January, 2017
Randall Jacobsma	County Treasurer	January, 2018
Anita Van Bruggen	County Recorder	January, 2018
Dan Altena	County Sheriff	January, 2017
Thomas Kunstle	County Attorney	January, 2018
Ross Simmelink	County Assessor	January, 2016



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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Sioux County, Iowa

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

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

## **Emphasis of Matter**

As described in Note 16 to the financial statements, Sioux County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the county's proportionate share of net pension liability, schedule of county contributions and schedule of funding progress for the retiree health plan on pages 7 through 14 and 48 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 on pages 55 through 70, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information and schedule of expenditures of federal awards on pages 55 through 71 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards on pages 55 through 71 are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 4, 2016, on our consideration of Sioux County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sioux County's internal control over financial reporting and compliance.

*Williams + Company P.C.*

Certified Public Accountants

Le Mars, Iowa  
February 4, 2016

# SIoux COUNTY, IOWA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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SIoux 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.

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### 2015 FINANCIAL HIGHLIGHTS

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- The assets of the County exceeded its liabilities at the close of FY15 by \$67,671,024 (net position).
  - Sioux County's total net position increased by \$366,224 from FY14.
  - As of the close of FY15, Sioux County governmental funds reported combined ending fund balances of \$19,998,779, an increase of \$1,137,653 in comparison with the prior year.
  - At the end of FY15, unassigned fund balance for the general fund was \$1,964,597, or 26.1% of total general fund expenditures.
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### USING THIS ANNUAL REPORT

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The annual report consists of a series of financial statements as well as other requirements as follows:

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

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

**Notes to the 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 Sioux County's budget for the year, the County's proportionate share of net the pension liability and related contributions, as well as presenting a schedule of funding progress for retiree health plan.

**Other Supplementary Information** provides detailed information about the non-major governmental and individual Agency Funds.

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## REPORTING THE COUNTY AS A WHOLE

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### 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 about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **Statement of Net Position** presents all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being 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 fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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

### Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

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. These 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) Capital Projects Funds. These funds are reported using

the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows.

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

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net position may serve over time as a useful indicator of financial position. Sioux County's net position for FY15 totaled \$67,671,024. This compares to FY14 at \$64,002,800. The analysis that follows focuses on the components of net position for the governmental activities.

**Net Position of Governmental Activities**

	2015	2014 (Not Restated)
Current and other assets	\$ 31,371,385	\$ 30,372,337
Capital assets	61,092,880	59,504,324
Total Assets	<u>92,464,265</u>	<u>89,876,661</u>
Deferred outflows of resources:		
Pension related deferred outflows	708,739	-
Total deferred outflows of resources	<u>708,739</u>	<u>-</u>
Long-term liabilities outstanding	9,314,165	10,988,541
Other liabilities	4,882,533	1,638,100
Total liabilities	<u>14,196,698</u>	<u>12,626,641</u>
Deferred inflows of resources:		
Unavailable revenue – Subsequent year property taxes	9,727,121	9,603,257
Unavailable revenue – Pension related deferred outflows	1,578,161	-
Total deferred inflows of resources	<u>11,305,282</u>	<u>9,603,257</u>
Net Position:		
Net Investment in capital assets	54,266,438	51,970,790
Restricted	14,197,522	13,050,259
Unrestricted	(792,936)	2,625,714
Total net position	<u>\$ 67,671,024</u>	<u>\$67,646,763</u>

The County's net position increased \$3,368,224 during the current year. The largest portion of the County's net position is the County's net investment in capital assets (e.g. land, infrastructure, intangibles, buildings and equipment), less the accumulated depreciation and related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation as to how they can be used.

**Unrestricted Net Position** – The part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from \$2,625,714 at June 30, 2014 to a deficit of \$792,936 at the end of this year, a decrease of 130.2%.

The decrease in unrestricted net position was attributable in large part to the implementation of Governmental Accounting Standard's Board Statement No. 68, which required all governments to calculate pension liabilities (IPERS). This caused the unrestricted net position to show a deficit.

**Restricted Net Position** – The portion of net position subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used – increased from \$13,050,259 at June 30, 2014 to \$14,197,522 at the end of this year, an increase of 8.8%.

**Governmental Activities** – Governmental activities increased the County's net position by \$3,668,224. Key elements of this increase are as follows:

## Changes in Net Position of Governmental Activities

	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service and sales	\$ 1,761,901	\$ 2,168,975
Operating grants and contributions	5,538,193	5,719,386
Capital grants and contributions	2,095,528	2,102,880
General revenues:		
State Tax Credits	612,842	431,715
Local Option Sales Tax	1,482,626	1,352,294
Property tax	9,324,382	8,472,469
Interest and penalties on taxes	69,063	70,015
Unrestricted investment earnings	76,618	91,257
Gain on sale of assets	15,037	23,473
Miscellaneous	599,482	161,140
Total revenues	<b>21,575,672</b>	<b>20,593,604</b>
Program expenses:		
Public safety and legal services	4,048,711	4,228,782
Physical health and social services	709,500	576,379
Mental health	1,148,117	899,854
County environment and education	1,579,901	594,321
Roads and transportation	7,481,592	7,877,579
Government services to residents	874,687	876,293
Administration or general government	1,721,962	1,911,264
Non-Program Services	13,696	37,156
Interest on long-term debt	329,282	351,535
Total expenses	<b>17,907,448</b>	<b>17,353,063</b>
Increase in net position	3,668,224	3,240,541
Net position beginning of year	67,676,763	64,406,222
Prior period adjustment	(3,643,963)	-
Net position beginning of year, as restated	64,002,800	64,406,222
Net position end of year	<b>\$ 67,701,024</b>	<b>\$ 67,646,763</b>

- Levies were reduced slightly for FY15, but the increase in valuations raised more property tax dollars.
- County environment and education expenses decreased in FY14 due to an increase in capital projects for new infrastructure. Those project expenses were capitalized in FY14. The expenditures for FY15 closely reflect the budgeted amounts.
- Miscellaneous revenues increased due to reimbursement for a city road project in the Secondary Road Fund.

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## BUDGETARY HIGHLIGHTS

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Over the course of the year, Sioux County amended its budget one time. The amendment was made June 2, 2015, and resulted in the use of reserves by \$95,000. The main purposes of the amendment was to adjust for additional spending in the election administration for a special election, as well as the Public Health Department, which served as a pass through for hospital funding.

The County's total receipts on a cash basis for FY15 were \$19,732,751. The County budgeted \$19,706,190 as projected revenues, for a difference of only \$22,061, a variance of .15%.

Total cash disbursements in FY15 were \$19,071,018 with the budgeted disbursements projected to be \$21,577,402, which was \$2,506,384 less than the amended budget.

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## INDIVIDUAL MAJOR FUND ANALYSIS

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As Sioux County completed the year, its governmental funds reported a combined fund balance of \$19,998,799.

The General Fund, as the operating fund of Sioux County, ended FY15 with a balance of \$2,450,681. The General Fund ending fund balance in FY14 was \$1,691,243. This represents an increase of \$759,438.

The Rural Services Fund ended FY15 with a balance of \$3,266,785. The ending fund balance for FY14 was \$3,752,017. This represents a decrease of \$485,232. Investigation expense for the Sheriff's Office was moved from General Fund to Rural Services, which reduced this fund balance in FY15.

The Secondary Road Fund ended FY15 with a balance of \$8,887,949. The ending fund balance for FY14 was \$8,188,163. This represents an increase of \$865,662. The county is increasing this Fund's balance to save for upcoming road and bridge projects.

The Urban Renewal District #1 Fund ended FY15 with a deficit fund balance of \$1,282,992. The ending fund balance for FY14 was a deficit balance of \$1,176,851. This represents a decrease of \$106,141.

The Debt Service Fund ended FY15 with a balance of \$3,534,668. The ending fund balance for FY14 was \$3,598,708. This represents a decrease of \$64,040.

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

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**Capital Assets**

At the end of FY15, Sioux County had \$61,092,880 invested in capital assets, net of accumulated depreciation compared to \$59,504,324 at the end of FY14.

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**Capital Assets of Governmental Activities at Year End**

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	<b>2015</b>	<b>2014</b>
Land	\$ 4,225,514	\$ 4,193,453
Buildings and improvements	12,367,796	10,884,984
Equipment	14,048,841	13,540,495
Infrastructure	71,489,692	70,432,863
Construction in Progress	3,537,798	1,876,452
Totals	<u>\$ 105,669,641</u>	<u>\$ 100,928,247</u>

The County had depreciation expense of \$3,506,628 for the year and total accumulated depreciation of \$44,576,761 at June 30, 2015. Additional information on the County's capital assets can be found in Note 6 of the financial statements.

**Debt**

Sioux County is assigned an **Aa2** rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY15 Sioux County had bonded indebtedness of \$9,890,000. The bonded indebtedness at the end of FY14 was \$10,510,000. General obligation debt relates to the issuance of general obligation bonds for the Public Safety Center construction and the Urban Renewal Road Project which continues to decrease as scheduled principal payments are made. Additional information on the County's long term debt can be found in Note 7 of the financial statements.

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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Sioux County's elected and appointed officials and citizens considered many factors when setting the FY16 budget, tax rates, and fees that finance the various County services. Tax rates decreased slightly for FY16.

The General Fund ended FY15 with \$759,438 more than the FY14 ending balance. (The County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis.) Many factors were taken into account when adopting the budget for FY16. Amounts appropriated in the General Fund are approximately \$8,024,172. Amounts

appropriated in Special Revenue Funds are approximately \$12,909,992. Debt Service appropriations are \$887,139

If these estimates are realized in FY16, Sioux County's General Fund balance is expected to increase at FY16 year end. The Rural Fund balance is expected to drop slightly from FY15 year end.

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**CONTACTING THE COUNTY'S FINANCIAL MANAGER**

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This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County 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:

**Lois Huitink  
Sioux County Auditor  
210 Central Avenue SW  
Orange City, Iowa 51041  
(712) 737-2216**

**SIOUX COUNTY BOARD OF SUPERVISORS:**

**Mark Sybesma   John Degen   Dennis Wright   Arlyn Kleinwolterink   Al Bloemendaal**

**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 13,548,013
Receivables:	
Property Tax	41,401
Future Property Tax	9,727,121
Accounts	88,815
Notes	779,500
Due from Other Governmental Agencies	1,483,245
Inventories	2,076,045
Prepaid Expenses	157,921
Restricted Assets:	
Investments	3,469,324
Land	4,225,514
Construction in Progress	3,537,798
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	53,329,568
Total Assets	<u>92,464,265</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related Deferred Outflows	708,739
Total Deferred Outflows of Resources	<u>708,739</u>
<b>LIABILITIES</b>	
Accounts Payable	351,631
Accrued Claims Payable	33,254
Due to Other Governmental Agencies	413
Accrued Interest Payable	33,888
Salaries and Benefits Payable	125,024
Long Term Liabilities	
Due within one year:	
Capital Lease Payable	30,000
Notes Payable	37,388
General Obligation Bonds	4,060,000
Compensated Absences	210,935
Due in more than one year:	
Capital Lease Payable	540,000
General Obligation Bonds	5,854,054
Compensated Absences	140,623
Net Pension Liability	2,425,116
Net OPEB Liability	354,372
Total Liabilities	<u>14,196,698</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Subsequent Year Property Taxes	9,727,121
Unavailable Revenue - Pension Related Deferred Inflows	1,578,161
Total Deferred Inflows of Resources	<u>11,305,282</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	54,266,438
Restricted for:	
Supplemental Levy Purposes	379,085
Mental Health Purposes	764,164
Rural Services Purposes	3,264,642
Secondary Roads Purposes	8,746,438
Other Purposes	1,043,193
Unrestricted	(792,936)
Total Net Position	<u>\$ 67,671,024</u>

**SIOUX COUNTY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
<b>Primary Government:</b>		
Governmental Activities:		
Public safety and legal services	\$ 4,048,711	\$ 837,617
Physical health and social services	709,500	21,600
Mental health	1,148,117	2,113
County environment and education	1,579,901	132,929
Roads and transportation	7,481,592	51,040
Government services to residents	874,687	649,904
Administration	1,721,962	6,368
Non-program services	13,696	60,330
Interest on long-term debt	329,282	-
Total governmental activities	<u>\$ 17,907,448</u>	<u>\$ 1,761,901</u>

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 148,971	\$ -	\$ (3,062,123)
286,355	-	(401,545)
350	-	(1,145,654)
69,441	175,010	(1,202,521)
5,033,076	1,920,518	(476,958)
-	-	(224,783)
-	-	(1,715,594)
-	-	46,634
-	-	(329,282)
<u>\$ 5,538,193</u>	<u>\$ 2,095,528</u>	<u>(8,511,826)</u>

General Revenues:

Property taxes levied for:

General purposes	8,757,096
Debt service	567,286
Interest and penalties on taxes	69,063
State tax credits	612,842
Local option sales tax	1,482,626
Unrestricted investment earnings	76,618
Gain on Sale of Capital Assets	2,840
Gain on Sale of Non-Capital Assets	12,197
Miscellaneous	599,482
Total general revenues	<u>12,180,050</u>

Change in net position	3,668,224
Net Position - beginning	67,646,763
Prior Period Adjustment	(3,643,963)
Net Position - beginning, restated	<u>64,002,800</u>
Net Position - ending	<u>\$ 67,671,024</u>

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2015**

	General	Rural Services	Secondary Roads
<b>Assets</b>			
Cash and Pooled Investments	\$ 2,282,572	\$ 3,053,942	\$ 4,615,083
Receivables:			
Property Tax	40,084	272	-
Future Property Tax	5,797,070	1,864,444	-
Accounts	73,634	-	9,106
Notes	-	-	-
Due from Other Funds	-	-	1,329,428
Due from Other Governmental Agencies	228,509	238,149	964,983
Inventories	-	-	2,076,045
Restricted Assets:			
Investments	-	-	-
Prepaid Expenses	95,528	2,435	59,958
<b>Total Assets</b>	<b>8,517,397</b>	<b>5,159,242</b>	<b>9,054,603</b>
<b>Liabilities</b>			
Accounts Payable	177,087	8,579	114,194
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	25	75	250
Salaries and Benefits Payable	53,666	19,087	52,210
<b>Total Liabilities</b>	<b>230,778</b>	<b>27,741</b>	<b>166,654</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue -			
Subsequent Year Property Taxes	5,797,070	1,864,444	-
Delinquent Property Tax	38,868	272	-
<b>Total Deferred Inflows of Resources</b>	<b>5,835,938</b>	<b>1,864,716</b>	<b>-</b>
<b>Fund Balances:</b>			
Nonspendable for:			
Inventories	-	-	2,076,045
Prepaid Expenses	95,528	2,435	59,958
Long-term Notes	-	-	-
Restricted for:			
Supplemental Levy Purposes	390,556	-	-
Mental Health Purposes	-	-	-
Rural Services Purposes	-	3,264,350	-
Secondary Road Purposes	-	-	6,751,946
Debt Service	-	-	-
Other Purposes	-	-	-
Committed for:			
Revolving Loan Purposes	-	-	-
Assigned for:			
Conservation Land Acquisition	-	-	-
Courthouse Capital Improvements	-	-	-
Unassigned	1,964,597	-	-
<b>Total Fund Balances</b>	<b>2,450,681</b>	<b>3,266,785</b>	<b>8,887,949</b>
<b>Total Liabilities, Deferred Inflows of     Resources, and Fund Balances</b>	<b>\$ 8,517,397</b>	<b>\$ 5,159,242</b>	<b>\$ 9,054,603</b>

See Accompanying Notes to Financial Statements

Urban Renewal District #1	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 46,436	\$ 65,290	\$ 2,356,282	\$ 12,419,605
-	389	656	41,401
470,130	584,791	1,010,686	9,727,121
-	-	6,067	88,807
-	-	779,500	779,500
-	-	-	1,329,428
-	-	51,604	1,483,245
-	-	-	2,076,045
-	3,469,324	-	3,469,324
-	-	-	157,921
516,566	4,119,794	4,204,795	31,572,397
-	-	51,771	351,631
1,329,428	-	-	1,329,428
-	-	63	413
-	-	61	125,024
1,329,428	-	51,895	1,806,496
470,130	584,791	1,010,686	9,727,121
-	335	526	40,001
470,130	585,126	1,011,212	9,767,122
-	-	-	2,076,045
-	-	-	157,921
-	-	779,500	779,500
-	-	-	390,556
-	-	769,971	769,971
-	-	-	3,264,350
-	-	-	6,751,946
-	3,534,668	-	3,534,668
-	-	263,693	263,693
-	-	987,620	987,620
-	-	303,425	303,425
-	-	37,479	37,479
(1,282,992)	-	-	681,605
(1,282,992)	3,534,668	3,141,688	19,998,779
\$ 516,566	\$ 4,119,794	\$ 4,204,795	\$ 31,572,397

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

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*Amounts reported for governmental activities in the statement of net position are different because:*

Total Fund Balance - Governmental Funds (page 19)		\$ 19,998,779
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		61,092,880
The internal service fund used by management to charge the costs of self-insured health is included in the statement of net position.		740,790
Deferred inflows from the balance sheet that provide current financial resources for governmental activities.		40,001
Accrued expenses from the balance sheet that require current financial resources for governmental activities.		(33,888)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
	Deferred Outflows of Resources	\$ 708,739
	Deferred Inflows of Resources	(1,578,161)
		(869,422)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
	General Obligation Bonds	(9,914,054)
	Capital Lease	(570,000)
	Compensated Absences	(351,558)
	Notes Payable	(37,388)
	Net Pension Liability	(2,425,116)
		(13,298,116)
Total Net Position - Governmental Activities (page 15)		<u>\$ 67,671,024</u>

**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	General	Rural Services	Secondary Roads
Revenue:			
Property and other county taxes	\$ 5,538,320	\$ 3,291,380	\$ -
Interest and penalties on taxes	56,340	-	-
Intergovernmental	1,696,963	110,213	5,378,465
Licenses and permits	-	-	18,545
Charges for services	722,568	13,880	4,913
Use of money and property	134,598	28	27,582
Miscellaneous	139,491	5,000	462,999
Total Revenue	<u>8,288,280</u>	<u>3,420,501</u>	<u>5,892,504</u>
Expenditures:			
Current operating:			
Public safety and legal services	2,663,665	1,486,286	-
Physical health and social services	713,684	-	-
Mental health	-	-	-
County environment and education	1,366,161	366,409	-
Roads and transportation	55,000	-	5,124,569
Government services to residents	880,709	3,580	-
Administration	1,836,047	-	-
Non-program services	13,576	-	-
Capital projects	-	-	1,963,928
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>7,528,842</u>	<u>1,856,275</u>	<u>7,088,497</u>
Excess (deficiency) of revenues over expenditures	<u>759,438</u>	<u>1,564,226</u>	<u>(1,195,993)</u>
Other financing sources (uses):			
Sale of Non-Capital Assets	-	-	12,197
Transfers in	-	-	2,049,458
Transfers (out)	-	(2,049,458)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,049,458)</u>	<u>2,061,655</u>
Net Change in Fund Balances	759,438	(485,232)	865,662
Fund balances - beginning of year	1,691,243	3,752,017	8,002,642
Prior Period Adjustment	-	-	185,521
Fund balances - beginning of year, as restated	1,691,243	3,752,017	8,188,163
(Decrease) in Reserve for Inventory	-	-	(165,876)
Fund balances - end of year	<u>\$ 2,450,681</u>	<u>\$ 3,266,785</u>	<u>\$ 8,887,949</u>

See Accompanying Notes to Financial Statements

Urban Renewal District #1	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 429,665	\$ 567,387	\$ 980,425	\$ 10,807,177
-	-	-	56,340
12,723	32,042	194,145	7,424,551
-	-	-	18,545
-	-	126,691	868,052
20	15,745	28,991	206,964
-	-	2,796	610,286
442,408	615,174	1,333,048	19,991,915
-	-	1,774	4,151,725
-	-	-	713,684
-	-	1,152,388	1,152,388
-	-	800	1,733,370
272,156	-	-	5,451,725
-	-	10,000	894,289
-	-	-	1,836,047
-	-	120	13,696
-	-	-	1,963,928
-	620,000	-	620,000
-	335,607	-	335,607
272,156	955,607	1,165,082	18,866,459
170,252	(340,433)	167,966	1,125,456
-	-	-	12,197
125,000	401,393	-	2,575,851
(401,393)	(125,000)	-	(2,575,851)
(276,393)	276,393	-	12,197
(106,141)	(64,040)	167,966	1,137,653
(991,330)	3,598,708	2,973,722	19,027,002
(185,521)	-	-	-
(1,176,851)	3,598,708	2,973,722	19,027,002
-	-	-	(165,876)
\$ (1,282,992)	\$ 3,534,668	\$ 3,141,688	\$ 19,998,779

See Accompanying Notes to Financial Statements

**SIoux COUNTY, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

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*Amounts reported for governmental activities in the statement of activities are different because:*

Net change in fund balances - total governmental funds (page 22)		\$ 1,137,653
<p>Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:</p>		
Expenditures for capital assets	\$ 5,092,344	
Depreciation expense	<u>(3,506,628)</u>	1,585,716
<p>In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.</p>		
		2,840
<p>Because some inflows will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, they are as follows:</p>		
Property tax		(170)
<p>The effect of bond premium costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:</p>		
		3,092
<p>Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net position. The net revenue of the internal service fund is reported with governmental activities.</p>		
		65,916
<p>Accrued interest expense that does not require current financial resources.</p>		
		3,234
<p>Pension 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.</p>		
		349,425
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment on long-term debt. The principal paid on long-term debt during the current year was:</p>		
Repayments of long-term debt	620,000	
Repayments of capital lease	30,000	
Repayments of notes payable	<u>54,000</u>	704,000
<p>Compensated Absences that do not require current financial resources.</p>		
		(17,606)
<p>Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net position is exhausted.</p>		
		<u>(165,876)</u>
Change in net position of governmental activities (page 17)		<u>\$ 3,668,224</u>

**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET POSITION**  
**Governmental Activities - Internal Service Fund**  
**JUNE 30, 2015**

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**ASSETS**

**Current Assets**

Cash and Pooled Investments \$ 1,128,408

Receivables:

    Accounts Receivable 8

**Total Assets** 1,128,416

**LIABILITIES**

**Current Liabilities**

Accrued Claims Payable 33,254

**Total Current Liabilities** 33,254

**Noncurrent Liabilities**

Net OPEB Liability 354,372

**Total Noncurrent Liabilities** 354,372

**Total Liabilities** 387,626

**NET POSITION**

Unrestricted \$ 740,790

**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2015**

<b>Operating revenues:</b>	
Reimbursements from operating funds	\$ 271,593
<b>Total operating revenue</b>	<u>271,593</u>
<b>Operating expenses:</b>	
Claims paid	171,408
Administrative fees	10,433
Other post employment benefits	23,946
<b>Total operating expenses</b>	<u>205,787</u>
<b>Operating Income</b>	65,806
<b>Nonoperating income:</b>	
Interest on investments	<u>110</u>
<b>Change in Net Position</b>	65,916
<b>Net Position - beginning</b>	<u>674,874</u>
<b>Net Position - ending</b>	<u><u>\$ 740,790</u></u>

See Accompanying Notes to Financial Statements

**SIoux COUNTY, IOWA**  
**STATEMENT OF CASH FLOWS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2015**

<b>Cash flows from operating activities:</b>	
Cash received from employer/employee contributions	\$ 271,593
Cash payments for insurance premiums and services	<u>(160,291)</u>
<b>Net cash provided by operating activities</b>	<u>111,302</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>110</u>
<b>Net increase in cash and cash equivalents</b>	111,412
Cash and pooled investments - beginning of year	<u>1,016,996</u>
Cash and pooled investments - end of year	<u><u>1,128,408</u></u>
<b>Reconciliation of operating income to net cash used in operating activities:</b>	
Operating Income	65,806
Change in assets and liabilities:	
Increase in Accrued Claims Payable	21,550
Increase in OPEB Liability	<u>23,946</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 111,302</u></u>

**SIOUX COUNTY, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Agency Funds**  
**JUNE 30, 2015**

<b>ASSETS</b>	
Cash and Pooled Investments	\$ 2,453,733
Receivables:	
Property Tax	38,364
Future Property Tax	39,596,907
Accounts	3,826
Assessments	45,122
Due from Other Governments	153,167
Total Assets	<u>42,291,119</u>
<b>LIABILITIES</b>	
Accounts Payable	2,415
Due to Other Governments	42,240,072
Salaries and Benefits Payable	11,031
Compensated Absences	37,601
Total Liabilities	<u>\$ 42,291,119</u>

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The more significant accounting policies established under GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency and Sioux Rivers Mental Health Region.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's Internal Service Fund is classified as a primarily governmental type activity.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations with the difference reported as net position. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The County first uses restricted resources to finance qualifying activities. Net position is reported in the following categories:

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

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

*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 government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

2) Special Revenue Funds

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 the County outside of incorporated city areas.

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

The Urban Renewal District #1 Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal projects.

3) Debt Service Fund

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.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance. The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the statement of net position is consolidated into the government-wide statement of net position. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

**SIoux COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues with the exception of expenditure-driven grants. A one-year availability period is used for expenditure-driven grants.

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is 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 either using restricted or unrestricted resources, it is the County's policy 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.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the debt service function.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

<b>Type</b>	<b>Method</b>
U.S. Treasury Notes	Based upon quoted market prices
Iowa Public Agency Investment Trust	Fair value determined by current share prices

- G. 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 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. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

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.

- H. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- I. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- J. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- K. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a nonspendable fund balance which indicates that they are not available to liquidate current obligations.
- L. Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

- M. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure.

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 – 50 Years
Infrastructure	10 – 65 Years
Machinery and Equipment	3 – 20 Years

- N. 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 and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.
- O. Long-Term Liabilities – In the government-wide and 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. Premiums and discounts on new debt issued are reported as an other financing source or use.

- P. 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, the 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.
- Q. Deferred Inflows of Resources - The statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds financial statements and in the governmental activities of the government-wide financial statements. The governmental activities in the government-wide statements report unavailable revenues from subsequent year property taxes and pension related deferred outflows. The governmental funds report unavailable revenues from subsequent year property taxes and delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS**

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

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2015 the County had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

<u>Type</u>	<u>Credit Risk</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury Notes	Not Applicable	\$ 3,469,324	Various
IPAIT	AAA	\$ 5,709,317	N/A

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at fair value. IPAIT was created pursuant to Iowa Code Chapter 28E and is registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7.

*Custodial Credit Risk:* The County has no policy regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)**

*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) in 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 uses of the County.

*Concentration of Credit Risk:* The County's investment policy places limits on the amount that may be invested in any one issuer. At the time of purchase, no more than five (5) percent of the investment portfolio of Sioux County shall be invested in the securities of a single issuer. The County's investment in the U.S. Treasuries is not subject to concentration of credit risk as the U.S. Treasuries represent U.S. government issued debt.

Cash and Pooled Investments

The County pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually.

The cash and pooled investments at June 30, 2015 consisted of the following:

Reconciliation to the Financial Statements:

	<b>Carrying Amount</b>
Investments	\$ 9,178,641
Demand Deposits	10,291,429
Cash on Hand	1,000
	19,471,070
Unrestricted:	
Cash and Pooled Investments - Governmental Activities	13,548,013
Cash and Pooled Investments - Agency Funds	2,453,733
Restricted:	
Investments-Governmental Activities	3,469,324
	\$ 19,471,070

**NOTE 3 INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2015, short-term interfund borrowings for operating purposes were as follows:

<b>Fund Due To</b>	<b>Fund Due From</b>	<b>Amount</b>
Secondary Roads	Special Revenue – Urban Renewal District #1	\$ 1,329,428*

\*This interfund balance represents amounts due to the Secondary Road Fund from the Urban Renewal District #1 Fund to repay costs for a road project within the urban renewal district.

**NOTE 4 - NOTES RECEIVABLE**

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 - NOTES RECEIVABLE - (CONTINUED)**

Sioux County. During the year ended June 30, 2015, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$109,095 during the year ended June 30, 2015. The loans are secured by real estate mortgages and personal guarantees of the business owners.

**Loans by the Sioux County Revolving Loan Fund are as follows:**

Loaned to	Date of Loan	Original Loan Amount	Interest Rate	Term Of Loan	Monthly Payment	Loan Balance June 30, 2015
Quality Machine Products, Inc.	October 6, 2006	\$ 65,000	3.0%	4.5 yrs.	\$ 1,344	\$ 29,442
	June 26, 2009	52,500	4.95%	5 yrs.	944	48,439
Exemplar Genetics LLC	November 25, 2009	150,000	3.0%	10 yrs.	1,446	70,404
	January 13, 2012	82,500	3.0%	7 yrs.	1,092	44,459
Siouxland Fabricating	September 23, 2011	37,500	3.0%	5 yrs.	673	9,242
Valley Plating	February 18, 2013	30,000	3.0%	5 yrs.	540	17,070
Harbor Group	December 21, 2012	200,000	3.00%	10 yrs.	1,931	155,470
M-K Distributing	February 1, 2012	73,539	5.775%	6 yrs.	1,300	18,879
TEC Industries	August 6, 2012	300,000	3.0%	7 yrs.	3,964	186,095
		<u>\$ 996,872</u>				<u>\$ 579,500</u>

In 2014, the County issued a short-term loan to the Sioux County Airport Authority in the amount of \$400,000. This note receivable is to be paid back to the County with interest as the Airport Authority receives reimbursement from the Federal Aviation Administration. During the year, the County loaned an additional \$100,000 to the Airport Authority. The loan repayments totaled \$300,000 during the year ended June 30, 2015.

**NOTE 5 - INTERFUND TRANSFERS**

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

	Secondary Roads	Debt Service	Urban Renewal District #1	Total Transfer Out
Rural Services	\$ 2,049,458	\$ -	\$ -	\$ 2,049,458
Debt Service	-	-	125,000	125,000
Urban Renewal District #1	-	401,393	-	401,393
Total Transfers In	<u>\$ 2,049,458</u>	<u>\$ 401,393</u>	<u>\$ 125,000</u>	<u>\$ 2,575,851</u>

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,193,453	\$ 32,061	\$ -	\$ 4,225,514
Construction in Progress	1,876,452	3,377,723	1,716,377	3,537,798
Total capital assets not being depreciated	<u>6,069,905</u>	<u>3,409,784</u>	<u>1,716,377</u>	<u>7,763,312</u>
Capital assets being depreciated:				
Buildings	10,884,984	1,482,812	-	12,367,796
Equipment	13,540,495	929,126	420,780	14,048,841
Infrastructure	70,432,863	1,056,829	-	71,489,692
Total capital assets being depreciated	<u>94,858,342</u>	<u>3,468,767</u>	<u>420,780</u>	<u>97,906,329</u>
Less: Accumulated Depreciation for:				
Buildings	4,980,242	171,743	-	5,151,985
Equipment	8,729,460	683,208	353,790	9,058,878
Infrastructure	27,714,221	2,651,677	-	30,365,898
Total Accumulated Depreciation	<u>41,423,923</u>	<u>3,506,628</u>	<u>353,790</u>	<u>44,576,761</u>
Total capital assets being depreciated, net	<u>53,434,419</u>	<u>(37,861)</u>	<u>66,990</u>	<u>53,329,568</u>
Governmental activities capital assets, net	<u>\$ 59,504,324</u>	<u>\$ 3,371,923</u>	<u>\$ 1,783,367</u>	<u>\$ 61,092,880</u>

Construction in progress at June 30, 2015 consisted of costs associated with several road construction projects and HVAC project.

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 235,028
Physical Health and Social Services	1,711
County Environment and Education	94,619
Roads and Transportation	3,074,097
Government Services to Residents	73,876
Administration	27,297
	<u>\$ 3,506,628</u>

**Reconciliation of Net Investment in Capital Assets:**

	Governmental Activities
Land	\$ 4,225,514
Construction in Progress	3,537,798
Capital Assets (net of accumulated depreciation)	53,329,568
Less: General Obligation Bonds Payable	(9,914,054)
Notes Payable	(37,388)
Capital Lease	(570,000)
Add: Crossover Bonds	3,695,000
Net Investment in Capital Assets	<u>\$54,266,438</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 7 - LONG-TERM LIABILITIES**

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

	General Obligation Bonds	Compensated Absences	Notes Payable	Net Pension Liability	Capital Leases	Other Post- Employment Benefits	Total
Balance Beginning of Year	\$ 10,510,000	\$ 333,952	\$ 91,388	\$ 4,195,800	\$ 600,000	\$ 330,426	\$ 16,061,566
Increases	-	217,977	-	-	-	23,946	241,923
Decreases	620,000	200,371	54,000	1,770,684	30,000	-	2,675,055
Balance End of Year	<u>\$ 9,890,000</u>	<u>\$ 351,558</u>	<u>\$ 37,388</u>	<u>\$ 2,425,116</u>	<u>\$ 570,000</u>	<u>\$ 354,372</u>	<u>\$ 13,628,434</u>
Due Within One Year	\$ 4,060,000	\$ 210,935	\$ 37,388	\$ -	\$ 30,000	\$ -	\$ 4,338,323

The General Obligation Bonds are shown gross of the unamortized premiums of \$24,054 on the Statement of Net Position.

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

	Date of Issue	Interest Rates	Annual Payments	Amount Originally Issued	Outstanding June 2015
Series 2007	2007	4-3.85%	\$350,000-\$375,000	\$ 3,625,000	\$ 2,530,000
Series 2008	2008	3.25-4.40%	10,000-375,000	5,000,000	3,695,000
Series 2012A	2012	.90-2.45%	315,000-365,000	3,695,000	3,695,000
					<u>\$ 9,890,000</u>

On June 15, 2012, the County issued \$3,695,000 of General Obligation Refunding Capital Loan Notes, Series 2012A in a crossover advance refunding of the Series 2008 GO Capital Loan Notes. The 2012 bonds have an average interest rate of 1.92% and the 2008 bonds being refunded have an average interest rate of 4.1%. The net proceeds from the issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2015 the amount in escrow was \$3,469,324. This amount will be used to refund the remaining \$3,420,000 of the 2008 bonds on June 1, 2016 when these notes become callable. The assets deposited with the escrow agent are shown as a restricted asset in the County's Debt Service Fund. As a result of this refunding, the County will reduce its debt service payments over the next twelve years by \$182,099, and obtain an economic gain of \$152,945.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 4,060,000	\$ 309,508	\$ 4,369,508
2017	725,000	146,215	871,215
2018	750,000	128,005	878,005
2019	770,000	108,010	878,010
2020	790,000	86,750	876,750
2021-2025	2,070,000	204,545	2,274,545
2026-2027	725,000	26,345	751,345
	<u>\$ 9,890,000</u>	<u>\$ 1,009,378</u>	<u>\$ 10,899,378</u>

\$3,534,668 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 7 - LONG-TERM LIABILITIES - (CONTINUED)**

Notes Payable – In August 2013, the County purchased new voting equipment and borrowed \$137,388 to be paid over three years with the first payment of \$50,000 required up front. The remaining balance is to be paid back over the next two years. No interest is required on this note. As of June 30, 2015, the outstanding balance is \$37,388.

Year Ending June 30,	Principal
2016	\$ 37,388

Capital Leases – In March 2014, the County entered into a fifteen-year lease agreement as lessee to finance the acquisition of the Sandy Hallow Golf Club and Campground. The lease requires fifteen annual payments of \$30,000 with a final balloon payment of \$150,000 at the end of the lease. No interest is to be paid on these annual rental payments. This lease qualifies as a capital lease and, therefore, has been recorded at the present value of minimum lease payments as of the inception date. Of the total cost, \$220,000 is attributed to the land and \$380,000 represents buildings on the property. Total accumulated depreciation for the buildings was \$16,803 as of June 30, 2015. These assets will continue to be depreciated over their useful life of twenty-five years.

Year Ending June 30,	Principal
2016	\$ 30,000
2017	30,000
2018	30,000
2019	30,000
2020	30,000
2021-2025	150,000
2026-2029	270,000
	<u>\$ 570,000</u>

**NOTE 8 - PENSION PLAN**

Plan description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public 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](http://www.ipers.org).

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

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

**SIoux COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 8 - PENSION PLAN – (CONTINUED)**

The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

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

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

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

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

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the 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. Protective 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 total contributions to IPERS for the year ended June 30, 2015 were \$553,585.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 - PENSION PLAN – (CONTINUED)**

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 \$2,425,116 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.0611491 percent, which was an increase of 0.011927 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$204,160. At June 30, 2015 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 28,637	\$ 50,628
Changes of assumptions	116,288	42,457
Net difference between projected and actual earnings on pension plan investments	-	1,485,076
Changes in proportion and differences between County contributions and proportionate share of contributions	10,229	-
County contributions subsequent to the measurement date	553,585	-
Total	\$ 708,739	\$ 1,578,161

\$553,585 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:

<b>Year Ended June 30,</b>	
2016	\$ (356,767)
2017	(356,767)
2018	(356,767)
2019	(356,767)
2020	4,061
	\$ 1,423,007

There were no non-employer contributing entities at IPERS.

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

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2014)	4.00 to 17 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 2014)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 - PENSION PLAN – (CONTINUED)**

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 Generational 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 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 (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	<b>1% Decrease 6.5%</b>	<b>Discount Rate 7.5%</b>	<b>1% Increase 8.5%</b>
County's proportionate share of the net Pension liability	\$5,795,903	\$ 2,425,116	\$ (416,805)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the pension plan - At June 30, 2015, the County reported payables to the defined benefit pension plan of \$10,667 for legally required employer contributions and approximately \$7,400 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 117 active members in the plan 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 BlueCross BlueShield. 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 any may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

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

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

Annual required contribution	\$ 34,826
Interest on net OPEB obligation	13,217
Adjustment to annual required contribution	(19,109)
Annual OPEB cost	28,934
Contributions made	(4,988)
Increase in net OPEB obligation	23,946
Net OPEB obligation beginning of year	330,426
Net OPEB obligation end of year	\$ 354,372

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. 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.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 28,934	12.2%	\$ 354,372
2014	\$ 61,676	12.2%	\$ 330,426
2013	\$ 61,676	12.2%	\$ 276,280
2012	\$ 61,676	12.2%	\$ 222,134
2011	\$ 62,181	9.9%	\$ 167,988
2010	\$ 62,181	9.9%	\$ 111,992
2009	\$ 62,181	9.9%	\$ 55,996

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 \$306,732, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$306,732. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,600,000 and the ratio of the UAAL to covered payroll was 5.53%. As of June 30, 2015, there were no trust fund assets.

**SIoux COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)**

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

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

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate and the ultimate medical trend rate is 5%.

Mortality rates are from the RP2014 Mortality Table with Scale MP-2014, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 75% for employees currently electing coverage and 0% for employees currently waiving coverage.

Projected claim costs of the medical plan are \$920 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**NOTE 10 - RISK MANAGEMENT**

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2015 were \$281,797.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 10 - RISK MANAGEMENT - (CONTINUED)**

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

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

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

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

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

**NOTE 11 - CONSTRUCTION COMMITMENT**

The County has entered into several construction contracts totaling \$4,589,150 for bridge and culvert construction and roadway paving projects. As of June 30, 2015, \$3,773,268 had been incurred against the contracts. The remaining balance will be paid as work on the projects progresses.

**NOTE 12 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN**

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with TPA, Ltd. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$3,000 for single individuals and \$6,000 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance 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 TPA, Ltd. from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2015 was \$271,593.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 12 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN (CONTINUED)**

Amounts payable from the PSF Health Insurance Fund at June 30, 2015 total \$33,254 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

	2014	2015
Unpaid claims, beginning of year	\$ 20,644	\$ 11,704
Incurred claims (including IBNR's)	112,685	171,408
Claim Payments	(121,625)	(149,858)
Unpaid claims, end of year	\$ 11,704	\$ 33,254

**NOTE 13 - GUARANTEED DEBT**

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

Closure cost to be assured:	\$ 18,360
Postclosure cost to be assured:	\$287,640

**NOTE 14 - DEFICIT FUND BALANCE**

The County has one fund with a deficit fund balance at June 30, 2015. The County intends to finance the deficits with future property tax revenue and general revenues.

The fund deficits were as follows:

Special Revenue – Urban Renewal District #1	\$1,282,992
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**NOTE 15 - EARLY CHILDHOOD IOWA AREA BOARD**

As of July 1, 2014, Sioux County was no longer acting as the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. As of June 30, 2015, the County has \$57,078 recorded as a payable in the general fund to be paid to the area board.

**NOTE 16 – ACCOUNTING CHANGE / RESTATEMENT**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements 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

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**NOTE 16 – ACCOUNTING CHANGE / RESTATEMENT (CONTINUED)**

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 and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<b>Governmental Activities</b>
Net Position June 30, 2014, as previously reported	\$ 67,646,763
Net Pension Liability at June 30, 2014	(4,195,800)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	551,837
Net Position June 30, 2014, as restated	\$ 64,002,800

**NOTE 17 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made between the Secondary Roads fund and Urban Renewal District #1 fund. The adjustment made totaled \$185,521 and increased due from other funds in the Secondary Roads Fund and increased due to other funds in the Urban Renewal District #1 fund. The adjustment reflects expenditures incurred during prior periods within the Secondary Roads fund for projects in the Urban Renewal District #1. The Urban Renewal District #1 fund will repay the Secondary Roads for the these expenditures.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SIOUX COUNTY, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
<b>Revenue:</b>				
Property and other county taxes	\$ 10,772,528	\$ 10,772,528	\$ 10,787,039	\$ 14,511
Interest and penalties on taxes	55,000	55,000	56,340	1,340
Intergovernmental	7,560,882	7,560,882	6,912,321	(648,561)
Licenses and permits	9,000	9,000	18,545	9,545
Charges for services	666,105	666,105	794,718	128,613
Use of money and property	26,300	26,300	541,305	515,005
Miscellaneous	616,375	616,375	610,286	(6,089)
<b>Total Revenue</b>	<b>19,706,190</b>	<b>19,706,190</b>	<b>19,720,554</b>	<b>14,364</b>
<b>Expenditures:</b>				
Current operating:				
Public safety and legal services	4,452,211	4,452,211	4,218,184	234,027
Physical health and social services	770,056	845,056	688,787	156,269
Mental Health, MR & DD	1,670,537	1,670,537	1,177,935	492,602
County environment and education	2,113,961	2,113,961	1,783,974	329,987
Roads and transportation	5,912,825	5,912,825	5,544,000	368,825
Government services to residents	907,351	907,351	890,048	17,303
Administration	2,369,172	2,389,172	1,781,945	607,227
Non-program services	92,000	92,000	13,576	78,424
Debt service	889,239	889,239	955,607	(66,368)
Capital projects	2,305,050	2,305,050	2,016,962	288,088
<b>Total Expenditures</b>	<b>21,482,402</b>	<b>21,577,402</b>	<b>19,071,018</b>	<b>2,506,384</b>
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>(1,776,212)</b>	<b>(1,871,212)</b>	<b>649,536</b>	<b>2,520,748</b>
<b>Other financing sources (uses):</b>				
Transfers in	2,999,458	2,999,458	2,575,851	(423,607)
Transfers out	(2,999,458)	(2,999,458)	(2,575,851)	423,607
Proceeds of Fixed Asset Sales	4,500	4,500	12,197	7,697
<b>Total other financing sources (uses)</b>	<b>4,500</b>	<b>4,500</b>	<b>12,197</b>	<b>7,697</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ (1,771,712)</b>	<b>\$ (1,866,712)</b>	<b>661,733</b>	<b>\$ 2,528,445</b>
Balance beginning of year			<u>15,227,196</u>	
Balance end of year			<u>\$ 15,888,929</u>	

**SIOUX COUNTY, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2015**

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$95,000. The budget amendments are reflected in the final budget amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission. During fiscal year 2015, disbursements exceeded budgeted amounts for Emergency Management Services.

During fiscal year 2015, disbursements exceeded the amount budgeted in the debt services function.

As noted previously, the actual results of operations are presented in accordance with accounting principles generally accepted in the United States which differ in certain respects from those practices used in the preparation of the 2014-15 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 19,720,554	\$ 271,361	\$ 19,991,915
Expenditures	19,071,018	(204,559)	18,866,459
Net	<u>649,536</u>	<u>475,920</u>	<u>1,125,456</u>
Other Financing Sources	12,197	-	12,197
Beginning Fund Balance	15,227,196	3,799,806	19,027,002
(Decrease) in Reserve for Inventory	-	(165,876)	(165,876)
Ending Fund Balance	<u>\$ 15,888,929</u>	<u>\$ 4,109,870</u>	<u>\$ 19,998,799</u>

**SIOUX COUNTY, IOWA**  
**Schedule of Funding Progress for the**  
**Retiree Health Plan -**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

For Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Approximate Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,972,856	8.62%
June 30, 2010	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,973,000	8.62%
June 30, 2011	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,973,000	8.62%
June 30, 2012	July 1, 2011	-	\$ 542,563	\$ 542,563	0.00%	\$5,200,000	10.43%
June 30, 2013	July 1, 2011	-	\$ 542,563	\$ 542,563	0.00%	\$5,200,000	10.43%
June 30, 2014	July 1, 2011	-	\$ 542,563	\$ 542,563	0.00%	\$5,200,000	10.43%
June 30, 2015	July 1, 2014	-	\$ 306,732	\$ 306,732	0.00%	\$5,550,107	5.53%

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

**SIOUX COUNTY**  
**Schedule of the County's Proportionate Share of**  
**Net Pension Liability**  
**Iowa Public Employees' Retirement System Last Fiscal Year\***  
**(In Thousands)**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

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	2015
County's proportion of the net pension liability	0.0611491%
County's proportionate share of the net pension liability	\$ 2,425
County's covered-employee payroll	6,220
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	38.9%
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.

**SIOUX COUNTY**  
**Schedule of the County Contributions**  
**Iowa Public Employees' Retirement System**  
**Last 10 Fiscal Years**  
**(In Thousands)**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 554	\$ 552	\$ 514	\$ 483	\$ 408
Contributions in relation to the statutorily required contribution	(554)	(552)	(514)	(483)	(408)
Contribution deficiency (excess)	-	-	-	-	-
County's covered employee payroll	\$ 6,220	\$ 5,864	\$ 5,678	\$ 5,632	\$ 5,366
Contributions as a percentage of covered-employee payroll	8.91%	9.41%	9.05%	8.58%	7.60%
	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 376	\$ 344	\$ 310	\$ 286	\$ 275
Contributions in relation to the statutorily required contribution	(376)	(344)	(310)	(286)	(275)
Contribution deficiency (excess)	-	-	-	-	-
County's covered employee payroll	\$ 5,307	\$ 5,093	\$ 4,893	\$ 4,631	\$ 4,480
Contributions as a percentage of covered-employee payroll	7.08%	6.75%	6.34%	6.18%	6.14%

**SIOUX COUNTY**  
**Notes to Required Supplementary Information – Pension Liability**  
**For the Year Ended June 30, 2015**

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**Changes of Benefit Terms:**

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

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

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

**Changes of Assumptions**

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

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

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

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

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

**OTHER SUPPLEMENTARY INFORMATION**

**SIOUX COUNTY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2015**

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
<b>Assets</b>				
Cash and Pooled Investments	\$ 63,139	\$ 144,280	\$ 987,620	\$ 7,802
Receivables:				
Property Tax	-	-	-	-
Future Property Tax	-	-	-	-
Accounts	-	-	-	-
Notes	-	-	779,500	-
Due from Other Governmental Agencies	-	-	-	-
<b>Total Assets</b>	<b>63,139</b>	<b>144,280</b>	<b>1,767,120</b>	<b>7,802</b>
<b>Liabilities</b>				
Accounts Payable	-	-	-	-
Due to Other Governmental Agencies	-	-	-	-
Salaries and Benefits Payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue-				
Subsequent Year Property Taxes	-	-	-	-
Delinquent Property Tax	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable for:				
Long-term Notes	-	-	779,500	-
Restricted for:				
Mental Health Purposes	-	-	-	-
Other Purposes	63,139	144,280	-	7,802
Committed for:				
Revolving Loan Purposes	-	-	987,620	-
Assigned for:				
Conservation Land Acquisition	-	-	-	-
Courthouse Capital Improvements	-	-	-	-
<b>Total Fund Balances</b>	<b>63,139</b>	<b>144,280</b>	<b>1,767,120</b>	<b>7,802</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 63,139</b>	<b>\$ 144,280</b>	<b>\$ 1,767,120</b>	<b>\$ 7,802</b>

Special Revenue Funds			Capital Projects Funds			Total
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Mental Health	Conservation Land Acquisition	Courthouse Capital Improvement		
\$ 10,006	\$ 38,466	\$ 807,437	\$ 260,053	\$ 37,479	\$ 2,356,282	
-	-	656	-	-	656	
-	-	1,010,686	-	-	1,010,686	
-	-	-	6,067	-	6,067	
-	-	-	-	-	779,500	
-	-	14,299	37,305	-	51,604	
10,006	38,466	1,833,078	303,425	37,479	4,204,795	
-	-	51,771	-	-	51,771	
-	-	63	-	-	63	
-	-	61	-	-	61	
-	-	51,895	-	-	51,895	
-	-	1,010,686	-	-	1,010,686	
-	-	526	-	-	526	
-	-	1,011,212	-	-	1,011,212	
-	-	-	-	-	779,500	
-	-	769,971	-	-	769,971	
10,006	38,466	-	-	-	263,693	
-	-	-	-	-	987,620	
-	-	-	303,425	-	303,425	
-	-	-	-	37,479	37,479	
10,006	38,466	769,971	303,425	37,479	3,141,688	
\$ 10,006	\$ 38,466	\$ 1,833,078	\$ 303,425	\$ 37,479	\$ 4,204,795	

**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2015**

	<b>Special Revenue Funds</b>			
	<b>Recorder's Records Management Fund</b>	<b>Federal Revenue Sharing</b>	<b>Sioux County Revolving Loan Fund</b>	<b>Attorney's Forfeiture Fund</b>
<b>Revenue:</b>				
Property and other county taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	6,624	-	-	-
Use of money and property	6	360	28,600	1
Miscellaneous	-	-	-	123
Total Revenue	6,630	360	28,600	124
<b>Expenditures:</b>				
<b>Current operating:</b>				
Public safety and legal services	-	-	-	1,578
Mental health	-	-	-	-
County environment and education	-	-	-	-
Government services to residents	10,000	-	-	-
Non-program services	-	-	120	-
Total Expenditures	10,000	-	120	1,578
Excess (Deficiency) of revenues over expenditures	(3,370)	360	28,480	(1,454)
Net Change in Fund Balances	(3,370)	360	28,480	(1,454)
Fund balances - beginning of year	66,509	143,920	1,738,640	9,256
Fund balances - end of year	\$ 63,139	\$ 144,280	\$ 1,767,120	\$ 7,802

Special Revenue Funds			Capital Projects Funds			Total
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Mental Health	Conservation Land Acquisition	Courthouse Capital Improvement		
\$ -	\$ -	\$ 980,425	\$ -	\$ -	\$ 980,425	
-	-	124,704	69,441	-	194,145	
-	-	2,113	117,954	-	126,691	
1	4	-	19	-	28,991	
980	-	-	182	1,511	2,796	
981	4	1,107,242	187,596	1,511	1,333,048	
196	-	-	-	-	1,774	
-	-	1,152,388	-	-	1,152,388	
-	-	-	800	-	800	
-	-	-	-	-	10,000	
-	-	-	-	-	120	
196	-	1,152,388	800	-	1,165,082	
785	4	(45,146)	186,796	1,511	167,966	
785	4	(45,146)	186,796	1,511	167,966	
9,221	38,462	815,117	116,629	35,968	2,973,722	
\$ 10,006	\$ 38,466	\$ 769,971	\$ 303,425	\$ 37,479	\$ 3,141,688	

**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF NET POSITION**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	County Recorder	County Sheriff	Agricultural Extension	County Assessor
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 245,423	\$ 2,233	\$ 232,603
Receivables:				
Property Tax	-	-	-	-
Future Property Tax	-	-	262,065	344,311
Accounts	328	-	-	-
Assessments	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	<u>328</u>	<u>245,423</u>	<u>264,298</u>	<u>576,914</u>
<b>LIABILITIES</b>				
Accounts Payable	-	333	-	312
Due to Other Governments	328	245,090	264,298	561,631
Salaries and Benefits Payable	-	-	-	422
Compensated Absences	-	-	-	14,549
Total Liabilities	<u>\$ 328</u>	<u>\$ 245,423</u>	<u>\$ 264,298</u>	<u>\$ 576,914</u>

Schools	Area Schools	Corporations	Townships	City Special Assessments	Auto License and Use Tax
\$ 176,844	\$ 8,748	\$ 59,147	\$ 4,279	\$ 4,680	\$ 925,151
15,574	-	22,790	-	-	-
21,092,258	1,077,885	16,456,510	363,878	-	-
-	-	-	-	-	-
-	-	-	-	45,122	-
-	-	-	-	-	-
21,284,676	1,086,633	16,538,447	368,157	49,802	925,151
-	-	-	-	-	-
21,284,676	1,086,633	16,538,447	368,157	49,802	925,151
-	-	-	-	-	-
-	-	-	-	-	-
\$ 21,284,676	\$ 1,086,633	\$ 16,538,447	\$ 368,157	\$ 49,802	\$ 925,151

(continued)

**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF NET POSITION - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	Tax In Advance	Emergency Management Services	Brucellosis and Tuberculosis Eradication	Public Safety Agency	Disposal Agency
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 83,056	\$ 136,561	\$ 102	\$ 262,114	\$ 29,734
Receivables:					
Property Tax	-	-	-	-	-
Future Property Tax	-	-	-	-	-
Accounts	-	-	-	-	-
Assessments	-	-	-	-	-
Due from Other Governments	-	36,154	-	-	-
Total Assets	<u>83,056</u>	<u>172,715</u>	<u>102</u>	<u>262,114</u>	<u>29,734</u>
<b>LIABILITIES</b>					
Accounts Payable	-	801	-	770	-
Due to Other Governments	83,056	168,870	102	230,727	29,734
Salaries and Benefits Payable	-	632	-	9,977	-
Compensated Absences	-	2,412	-	20,640	-
Total Liabilities	<u>\$ 83,056</u>	<u>\$ 172,715</u>	<u>\$ 102</u>	<u>\$ 262,114</u>	<u>\$ 29,734</u>

E-911	Early Childhood Iowa Area Board	Treasurer's Trust Fund	Recorder E-Commerce	Flexible Benefits	Condemnations	Total
\$ 278,877	\$ -	\$ -	\$ 1,280	\$ 2,495	\$ 406	\$ 2,453,733
-	-	-	-	-	-	38,364
-	-	-	-	-	-	39,596,907
3,498	-	-	-	-	-	3,826
-	-	-	-	-	-	45,122
117,013	-	-	-	-	-	153,167
<u>399,388</u>	<u>-</u>	<u>-</u>	<u>1,280</u>	<u>2,495</u>	<u>406</u>	<u>42,291,119</u>
199	-	-	-	-	-	2,415
399,189	-	-	1,280	2,495	406	42,240,072
-	-	-	-	-	-	11,031
-	-	-	-	-	-	37,601
<u>\$ 399,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,280</u>	<u>\$ 2,495</u>	<u>\$ 406</u>	<u>\$42,291,119</u>

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>County Recorder</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 686,991	\$ 686,991	\$ -
Accounts Receivable	467	328	467	328
Total Assets	467	687,319	687,458	328
<u>Liabilities</u>				
Due to Other Governments	467	687,319	687,458	328
Total Liabilities	467	687,319	687,458	328
<b>County Sheriff</b>				
<u>Assets</u>				
Cash and Pooled Investments	205,276	1,220,539	1,180,392	245,423
Total Assets	205,276	1,220,539	1,180,392	245,423
<u>Liabilities</u>				
Accounts Payable	1,897	333	1,897	333
Due to Other Governments	203,379	1,220,206	1,178,495	245,090
Total Liabilities	205,276	1,220,539	1,180,392	245,423
<b>Agricultural Extension Education</b>				
<u>Assets</u>				
Cash and Pooled Investments	2,733	262,681	263,181	2,233
Future Property Tax	254,741	262,065	254,741	262,065
Total Assets	257,474	524,746	517,922	264,298
<u>Liabilities</u>				
Due to Other Governments	257,474	524,746	517,922	264,298
Total Liabilities	257,474	524,746	517,922	264,298
<b>County Assessor</b>				
<u>Assets</u>				
Cash and Pooled Investments	204,544	385,247	357,188	232,603
Future Property Tax	373,601	344,311	373,601	344,311
Total Asset	578,145	729,558	730,789	576,914
<u>Liabilities</u>				
Accounts Payable	256	312	256	312
Due to Other Governments	562,249	714,275	714,893	561,631
Salaries and Benefits Payable	-	422	-	422
Compensated Absences	15,640	14,549	15,640	14,549
Total Liabilities	\$ 578,145	\$ 729,558	\$ 730,789	\$ 576,914

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 206,532	\$ 21,198,980	\$ 21,228,668	\$ 176,844
Property Tax Receivable	17,588	15,574	17,588	15,574
Future Property Tax	20,562,095	21,092,258	20,562,095	21,092,258
Total Assets	<u>20,786,215</u>	<u>42,306,812</u>	<u>41,808,351</u>	<u>21,284,676</u>
<u>Liabilities</u>				
Due to Other Governments	20,786,215	42,306,812	41,808,351	21,284,676
Total Liabilities	<u>20,786,215</u>	<u>42,306,812</u>	<u>41,808,351</u>	<u>21,284,676</u>
<b>Area Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	10,304	1,028,891	1,030,447	8,748
Future Property Tax	997,752	1,077,885	997,752	1,077,885
Total Assets	<u>1,008,056</u>	<u>2,106,776</u>	<u>2,028,199</u>	<u>1,086,633</u>
<u>Liabilities</u>				
Due to Other Governments	1,008,056	2,106,776	2,028,199	1,086,633
Total Liabilities	<u>1,008,056</u>	<u>2,106,776</u>	<u>2,028,199</u>	<u>1,086,633</u>
<b>Corporations</b>				
<u>Assets</u>				
Cash and Pooled Investments	65,568	16,510,404	16,516,825	59,147
Property Tax Receivable	23,717	22,790	23,717	22,790
Future Property Tax	16,140,242	16,456,510	16,140,242	16,456,510
Total Assets	<u>16,229,527</u>	<u>32,989,704</u>	<u>32,680,784</u>	<u>16,538,447</u>
<u>Liabilities</u>				
Due to Other Governments	16,229,527	32,989,704	32,680,784	16,538,447
Total Liabilities	<u>16,229,527</u>	<u>32,989,704</u>	<u>32,680,784</u>	<u>16,538,447</u>
<b>Townships</b>				
<u>Assets</u>				
Cash and Pooled Investments	5,129	363,812	364,662	4,279
Future Property Tax	354,244	363,878	354,244	363,878
Total Assets	<u>359,373</u>	<u>727,690</u>	<u>718,906</u>	<u>368,157</u>
<u>Liabilities</u>				
Due to Other Governments	359,373	727,690	718,906	368,157
Total Liabilities	<u>\$ 359,373</u>	<u>\$ 727,690</u>	<u>\$ 718,906</u>	<u>\$ 368,157</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>City Special Assessments</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 4,444	\$ 96,273	\$ 96,037	\$ 4,680
Assessments Receivable	79,385	45,122	79,385	45,122
Total Assets	<u>83,829</u>	<u>141,395</u>	<u>175,422</u>	<u>49,802</u>
<u>Liabilities</u>				
Due to Other Governments	83,829	141,395	175,422	49,802
Total Liabilities	<u>83,829</u>	<u>141,395</u>	<u>175,422</u>	<u>49,802</u>
<b>Auto License and Use Tax</b>				
<u>Assets</u>				
Cash and Pooled Investments	811,267	10,869,908	10,756,024	925,151
Total Assets	<u>811,267</u>	<u>10,869,908</u>	<u>10,756,024</u>	<u>925,151</u>
<u>Liabilities</u>				
Due to Other Governments	811,267	10,869,908	10,756,024	925,151
Total Liabilities	<u>811,267</u>	<u>10,869,908</u>	<u>10,756,024</u>	<u>925,151</u>
<b>Tax In Advance</b>				
<u>Assets</u>				
Cash and Pooled Investments	177,194	-	94,138	83,056
Total Assets	<u>177,194</u>	<u>-</u>	<u>94,138</u>	<u>83,056</u>
<u>Liabilities</u>				
Due to Other Governments	177,194	-	94,138	83,056
Total Liabilities	<u>177,194</u>	<u>-</u>	<u>94,138</u>	<u>83,056</u>
<b>Emergency Management Services</b>				
<u>Assets</u>				
Cash and Pooled Investments	76,749	176,551	116,739	136,561
Due from Other Governments	97,424	36,154	97,424	36,154
Total Assets	<u>174,173</u>	<u>212,705</u>	<u>214,163</u>	<u>172,715</u>
<u>Liabilities</u>				
Accounts Payable	3,377	801	3,377	801
Salaries and Benefits Payable	465	632	465	632
Due to Other Governments	168,191	208,860	208,181	168,870
Compensated Absences	2,140	2,412	2,140	2,412
Total Liabilities	<u>\$ 174,173</u>	<u>\$ 212,705</u>	<u>\$ 214,163</u>	<u>\$ 172,715</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Brucellosis and Tuberculosis Eradication</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 49	\$ 4,913	\$ 4,860	\$ 102
Future Property Tax	4,763	-	4,763	-
Total Assets	<u>4,812</u>	<u>4,913</u>	<u>9,623</u>	<u>102</u>
<u>Liabilities</u>				
Due to Other Governments	4,812	4,913	9,623	102
Total Liabilities	<u>4,812</u>	<u>4,913</u>	<u>9,623</u>	<u>102</u>
<b>Public Safety Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	247,299	469,505	454,690	262,114
Total Assets	<u>247,299</u>	<u>469,505</u>	<u>454,690</u>	<u>262,114</u>
<u>Liabilities</u>				
Accounts Payable	595	770	595	770
Salaries and Benefits Payable	7,148	9,977	7,148	9,977
Due to Other Governments	224,185	438,118	431,576	230,727
Compensated Absences	15,371	20,640	15,371	20,640
Total Liabilities	<u>247,299</u>	<u>469,505</u>	<u>454,690</u>	<u>262,114</u>
<b>Disposal Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	29,734	-	-	29,734
Total Assets	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<u>Liabilities</u>				
Due to Other Governments	29,734	-	-	29,734
Total Liabilities	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<b>E-911</b>				
<u>Assets</u>				
Cash and Pooled Investments	264,086	348,231	333,440	278,877
Accounts Receivable	-	3,498	-	3,498
Due from Other Governments	66,329	117,013	66,329	117,013
Total Assets	<u>330,415</u>	<u>468,742</u>	<u>399,769</u>	<u>399,388</u>
<u>Liabilities</u>				
Accounts Payable	2,231	199	2,231	199
Due to Other Governments	328,184	468,543	397,538	399,189
Total Liabilities	<u>\$ 330,415</u>	<u>\$ 468,742</u>	<u>\$ 399,769</u>	<u>\$ 399,388</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Early Childhood Iowa Area Board</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 57,931	\$ 14	\$ 57,945	\$ -
Total Assets	<u>57,931</u>	<u>14</u>	<u>57,945</u>	<u>-</u>
<u>Liabilities</u>				
Due to Other Governments	57,931	14	57,945	-
Total Liabilities	<u>57,931</u>	<u>14</u>	<u>57,945</u>	<u>-</u>
<b>Treasurer's Trust Fund</b>				
<u>Assets</u>				
Cash and Pooled Investments	-	99,115	99,115	-
Total Assets	<u>-</u>	<u>99,115</u>	<u>99,115</u>	<u>-</u>
<u>Liabilities</u>				
Due to Other Governments	-	99,115	99,115	-
Total Liabilities	<u>-</u>	<u>99,115</u>	<u>99,115</u>	<u>-</u>
<b>Recorder E-Commerce</b>				
<u>Assets</u>				
Cash and Pooled Investments	1,190	6,624	6,534	1,280
Total Assets	<u>1,190</u>	<u>6,624</u>	<u>6,534</u>	<u>1,280</u>
<u>Liabilities</u>				
Due to Other Governments	1,190	6,624	6,534	1,280
Total Liabilities	<u>1,190</u>	<u>6,624</u>	<u>6,534</u>	<u>1,280</u>
<b>Flexible Benefits</b>				
<u>Assets</u>				
Cash and Pooled Investments	3,728	61,766	62,999	2,495
Total Assets	<u>3,728</u>	<u>61,766</u>	<u>62,999</u>	<u>2,495</u>
<u>Liabilities</u>				
Due to Other Governments	3,728	61,766	62,999	2,495
Total Liabilities	<u>\$ 3,728</u>	<u>\$ 61,766</u>	<u>\$ 62,999</u>	<u>\$ 2,495</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Condemnations</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 406	\$ -	\$ -	\$ 406
Total Assets	<u>406</u>	<u>-</u>	<u>-</u>	<u>406</u>
<u>Liabilities</u>				
Due to Other Governments	406	-	-	406
Total Liabilities	<u>406</u>	<u>-</u>	<u>-</u>	<u>406</u>
<b>Total All Agency Funds</b>				
<u>Assets</u>				
Cash and Pooled Investments	2,374,163	53,790,445	53,710,875	2,453,733
Receivables:				
Property Tax	41,305	38,364	41,305	38,364
Future Property Tax	38,687,438	39,596,907	38,687,438	39,596,907
Accounts	467	3,826	467	3,826
Assessments	79,385	45,122	79,385	45,122
Due from Other Governments	163,753	153,167	163,753	153,167
Total Assets	<u>41,346,511</u>	<u>93,627,831</u>	<u>92,683,223</u>	<u>42,291,119</u>
<u>Liabilities</u>				
Accounts Payable	8,356	2,415	8,356	2,415
Due to Other Governments	41,297,391	93,576,784	92,634,103	42,240,072
Salaries and Benefits Payable	7,613	11,031	7,613	11,031
Compensated Absences	33,151	37,601	33,151	37,601
Total Liabilities	<u>\$ 41,346,511</u>	<u>\$ 93,627,831</u>	<u>\$ 92,683,223</u>	<u>\$ 42,291,119</u>

**SIOUX COUNTY, IOWA**  
**Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds**  
**For the Last Ten Years**

	Modified Accrual Basis of Accounting				
	2015	2014	2013	2012	2011
<b>Revenue:</b>					
Property and other county tax	10,807,177	\$ 9,825,942	\$ 9,650,060	\$ 9,339,404	\$ 9,066,719
Interest and penalty on property tax	56,340	60,453	61,062	70,302	64,507
Intergovernmental	7,424,551	7,303,694	6,341,323	7,188,347	8,558,494
Licenses and permits	18,545	15,785	16,450	15,460	11,485
Charges for services	868,052	857,217	888,987	856,712	775,739
Use of money and property	206,964	142,258	190,165	287,270	324,764
Miscellaneous	610,286	513,095	377,265	426,716	436,669
<b>Total Revenue</b>	<b>19,991,915</b>	<b>18,718,444</b>	<b>17,525,312</b>	<b>18,184,211</b>	<b>19,238,377</b>
<b>Expenditures:</b>					
<b>Current operating:</b>					
Public safety and legal services	4,151,725	4,156,068	3,923,413	3,838,745	3,755,661
Physical health and social services	713,684	581,266	656,287	564,555	1,422,596
Mental health	1,152,388	901,600	936,553	3,131,499	2,219,276
County environment and education	1,733,370	1,188,404	1,106,852	1,202,094	6,012,662
Roads and transportation	5,451,725	5,758,887	5,303,166	5,859,605	55,000
Government services to residents	894,289	1,006,617	722,556	810,295	737,073
Administration	1,836,047	1,922,567	1,816,554	1,751,976	1,808,074
Non-program services	13,696	37,156	28,242	55,818	29,905
Capital projects	1,963,928	2,540,139	1,777,524	1,850,354	1,417,750
Debt service	955,607	952,683	949,972	1,107,032	1,023,859
<b>Total</b>	<b>\$ 18,866,459</b>	<b>\$ 19,045,387</b>	<b>\$ 17,221,119</b>	<b>\$ 20,171,973</b>	<b>\$ 18,481,856</b>

Modified Accrual Basis of Accounting					
2010	2009	2008	2007	2006	2005
\$ 8,683,160	\$ 8,190,447	\$ 8,263,411	\$ 8,057,588	\$ 7,644,707	\$ 6,143,980
68,516	50,584	42,897	36,091	37,104	33,112
8,413,783	9,044,854	8,489,666	7,730,963	7,901,142	7,713,338
11,300	9,545	8,620	6,765	6,055	5,175
777,488	814,345	764,009	742,796	699,440	777,224
380,729	574,171	877,259	735,537	518,913	323,391
288,627	281,838	448,403	329,028	286,407	210,448
18,623,603	18,965,784	18,894,265	17,638,768	17,093,768	15,206,668
3,627,043	3,485,693	3,299,671	3,219,043	3,126,912	3,147,273
1,598,101	1,690,163	1,796,148	1,626,213	1,042,077	990,082
2,209,116	2,369,247	2,512,673	2,498,244	2,260,765	2,170,728
982,492	802,725	828,358	691,064	692,525	623,028
5,659,467	4,497,799	5,367,095	4,228,892	4,526,135	3,962,119
703,160	688,163	653,742	678,940	879,206	842,863
1,711,275	1,818,582	1,658,726	1,535,609	1,580,779	1,525,308
32,167	30,987	34,327	30,618	24,175	19,498
1,214,794	6,153,935	10,840,840	2,040,586	1,495,322	1,756,346
1,022,291	873,411	715,927	509,805	474,141	473,816
\$ 18,759,906	\$ 22,410,705	\$ 27,707,507	\$ 17,059,014	\$ 16,102,037	\$ 15,511,061

**SIOUX COUNTY, IOWA**  
**Schedule of Expenditures of Federal Awards (Cash Basis)**  
**For the Year Ended June 30, 2015**

	CFDA Number	Program Disbursements
<b>Indirect:</b>		
U.S. DEPARTMENT OF AGRICULTURE		
Iowa Department of Human Services:		
Human Services Administrative Reimbursements:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	12,069
U.S. DEPARTMENT OF JUSTICE		
Iowa Department of Justice:		
Crime Victim Assistance	16.575	20,777
U.S. DEPARTMENT OF TRANSPORTATION		
Iowa Department of Transportation:		
Highway Planning and Construction	20.205	140,703 *
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Iowa Department of Public Health:		
Public Health Emergency Preparedness	93.069	124,790
Iowa Department of Human Services:		
Human Services Administrative Reimbursements:		
Refugee and Entrant Assistance - State Administered Programs	93.567	26
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	3,122
Foster Care - Title IV-E	93.658	4,626
Adoption Assistance	93.659	1,461
Social Services Block Grant	93.667	63,681
Children's Health Insurance Program	93.767	74
Medical Assistance Program	93.778	22,731
Child Support Enforcement	93.563	497
U.S. DEPARTMENT OF HOMELAND SECURITY		
Iowa Department of Public Defense; Iowa Homeland Security and Emergency Management Division:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 350,043 *
Hazard Mitigation Grant	97.039	43,500
Emergency Management Performance Grants	97.042	23,537
Total Expenditures of Federal Awards		<u>\$ 811,637</u>

\*Total disbursements from these programs exceed 50% of the total federal awards and are considered major programs.

Note 1 - **Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sioux County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**SIOUX COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was 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) A material weakness in internal controls over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) The major programs were as follows:
  - o CFDA Number 97.036 –  
Disaster Grants – Public Assistance (Presidentially Declared Disasters)
  - o CFDA Number 20.205 –  
Highway Planning
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Sioux County did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements**

**Instances of Noncompliance**

No matters were reported.

There were no prior year audit findings.

**Material Weakness**

**2015-001: Financial Reporting – Material Adjusting Journal Entries**

Condition and Criteria – We identified material amounts of receivables, payables and capital asset additions not recorded in the County's financial statements which were proposed and posted to the fund financial statements by management in order for the financial statements to be in conformity with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the County implement procedures to ensure all receivables, payables and capital assets are identified and recorded in the County's financial statements.

Views of Responsible Officials – County management will continue to monitor this process on a regular basis and work to implement procedures to ensure the financial statements are properly reported.

**SIOUX COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

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**Part III: Findings and Questioned Costs for Federal Awards**

**MATERIAL WEAKNESS:**

**2015-002 – Federal Award – Schedule of Expenditures of Federal Awards**

Condition and Criteria – Upon review of the Schedule of Expenditures of Federal Awards, we identified material adjustments to be made to the schedule. Additionally, we identified material receivables, payables, and capital assets to be recorded on the County's financial statements. Internal controls over the preparation of the external reporting should include review and verification for accuracy.

Effect – Because of insufficient review or supervision, financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause – With a limited number of personnel and current staff workload, time constraints and staff expertise do not allow review.

Recommendation – We recommend the Schedule of Expenditures of Federal Awards and grant reports be reviewed and matched to supporting documents for accuracy.

Views of Responsible Officials – County management will continue to monitor financial reporting and review the Schedule of Expenditures of Federal Awards on a regular basis.

**Instances of Noncompliance**

No matters were reported.

**Part IV: Other Findings Related to Required Statutory Reporting**

**IV-A-15 Certified Budget**

Condition and Criteria – County expenditures during the year ended June 30, 2015, exceeded amounts budgeted in the debt service function.

Effect – The County is not in compliance with Chapter 331.435 of the Code of Iowa.

Cause – The City approved a budget amendment on June 2, 2015. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment.

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

Views of Responsible Officials – The budget will be amended in the future, if applicable.

**IV-B-15 Questionable Expenses** – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction/Description</u>	<u>Amount</u>
VanMaanen's Radio Shack, Owned by father of IT employee Micah VanMaanen	Supplies, Licensing Contract	\$ 22,608 (1)

(1) This transaction may represent a conflict of interest and the County should contact legal council for determination as per Chapter 331.342 (j) of the Code of Iowa. Per County management it was noted that the County's board did approve the transactions.

**SIOUX COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

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**Part IV: Other Findings Related to Required Statutory Reporting – Continued**

**IV-E-15 Bond Coverage**

Condition and Criteria – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Effect – The County is not in compliance with Chapter 64.12 of the Code of Iowa.

Cause – The County has paid for surety bonds for township clerks, but did not request reimbursement from each township. In accordance with Chapter 64.12 of the Code of Iowa, bonds are required to be paid for by the townships.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Views of Responsible Officials – We feel the amount each township owes is minimal and therefore, it is not worth the time it would take to figure and bill each township.

**IV-F-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 the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

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

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

**IV-J-15 Emergency Management Certified Budget**

Condition and Criteria – Disbursements for the year ended June 30, 2015 exceeded the amount budgeted.

Effect – The County is not in compliance with Chapter 331.435 of the Code of Iowa.

Cause – A budget amendment was not prepared by the County prior to actual expenditures exceeding budgeted amounts.

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

Views of Responsible Officials – We will amend the budgets when required in the future.



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**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 Board of Supervisors  
Sioux County, Iowa

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, the aggregate remaining fund information of Sioux County, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 4, 2016.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2015-001 to be a material weakness.

***Compliance and Other Matters***

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

Comments involving statutory and other legal matters about the 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.

***Sioux County, Iowa's Response to Findings***

Sioux County, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings. Sioux County, Iowa's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Sioux County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

*Williams + Company P. C.*

Certified Public Accountants

Le Mars, Iowa  
February 4, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Supervisors  
Sioux County, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited Sioux County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sioux County's major federal programs for the year ended June 30, 2015. Sioux County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Sioux 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Sioux County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

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

**Report on Internal Control over Compliance**

Management of Sioux 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 Sioux County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sioux County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a

type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-002, that we consider to be a material weakness.

Sioux County's response on internal control over compliance findings identified in our audit is described in the schedule of findings and questioned costs. Sioux County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

*Williams + Company P.C.*  
Certified Public Accountants

Le Mars, Iowa  
February 4, 2016



# OFFICE OF SIOUX COUNTY AUDITOR

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Lois Huitink  
County Auditor & Commissioner of Elections

## Schedule of Findings and Questioned Costs Corrective Action Plan June 30, 2015

Sioux County, respectfully submits the following corrective action plan for the year ended June 30, 2015.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2015.

The finding from the June 30, 2015 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

### Material Weakness:

#### 2015 - 002 - Grant Administration/Schedule of Expenditures of Federal Awards

Condition and Criteria – Upon review of the Schedule of Expenditures of Federal Awards, we identified material adjustments to be made to the schedule. Additionally, we identified material receivables, payables, and capital assets to be recorded on the County's financial statements. Internal controls over the preparation of the external reporting should include review and verification for accuracy.

Effect – Because of insufficient review or supervision, financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause – With a limited number of personnel and current workload, time constraints and staff expertise do not allow review.

Recommendation – We recommend the Schedule of Expenditures of Federal Awards and grant reports be reviewed and matched to supporting documents for accuracy.

Views of Responsible Officials – County management will continue to monitor financial reporting and review the Schedule of Expenditures of Federal Awards on a regular basis.

Lois Huitink is the contact person responsible for the corrective plan.

Sincerely yours,

SIOUX COUNTY

Lois Huitink, Auditor