

EXAMINATION REPORT OF
FIRST MAXFIELD MUTUAL INSURANCE ASSOCIATION
DENVER, IOWA
AS OF DECEMBER 31, 2016

Denver, Iowa
December 27, 2017

HONORABLE DOUG OMMEN
Commissioner of Insurance
State of Iowa
Des Moines, Iowa

Commissioner Ommen:

In accordance with your instructions and pursuant to Iowa statutory provisions, an examination has been made of the

FIRST MAXFIELD MUTUAL INSURANCE ASSOCIATION

DENVER, IOWA

AS OF DECEMBER 31, 2016

at its Home Office, 801 South State Street, Denver, Iowa. The report, containing applicable comments and financial data, is presented herein.

SCOPE OF EXAMINATION

This examination covers the period from December 31, 2011 to December 31, 2016. The examination was conducted in accordance with the procedures established by the Insurance Division of Iowa and generally accepted insurance examination standards.

The examination was conducted in accordance with the procedures recommended by the Financial Condition (E) Committee of the National Association of Insurance Commissioners, and other generally accepted insurance examination standards. A general review and survey was made of the Association's operations and business transactions conducted during the stated period. A detailed audit was not made of all transactions, but accounting procedures and records were examined and tested to the extent deemed essential. The Association's assets were verified and evaluated and liabilities determined to present herein a statement of its financial condition as of December 31, 2016.

HISTORY

The Association was incorporated in 1878 as the First Maxfield Association Bremer County, Denver, Iowa for the purpose of insuring the property of its members against hazards and risks as permitted by Chapter 518, Code of Iowa. The corporate existence was made perpetual in 1946.

In December 1991, the Articles were amended and substituted changing the Association to a state mutual insurance association under Chapter 518A, Code of Iowa.

MANAGEMENT AND CONTROL

MEMBERSHIP

The membership of the Association shall consist of the persons or organizations having insurance herein. Membership and insurance may be obtained only upon written application signed by the applicant and shall cease when such insurance is canceled or terminates for any other cause.

The regular annual meeting of the members is held at the Home Office of the Association at 10:00 a.m. on the second Saturday in February. Notice of the annual meeting of the members is not required.

Special meetings of the members may be called by the Board of Directors at any time and shall be called upon petition of one-fourth of the members of the Association. Due notice of the time and place of special meetings shall be given the membership. Each member present is entitled to one vote on any matter to be decided at any regular or special meeting. No voting shall be permitted by proxy. Ten members shall constitute a quorum for any members' meeting. The Articles of Incorporation may be amended by two-thirds majority affirmative vote of the members present at any membership meeting, provided due notice has been given to members.

BOARD OF DIRECTORS

The Articles of Incorporation provide the general supervision and management of the Association shall be vested in a Board of seven directors. The Bylaws prescribe that no more than one agent-director may serve on the Board at any time. Mandatory retirement age for directors shall be 70 years effective at the next annual meeting following their 70th birthday.

Directors are elected by the members at the regular annual meeting for a term of three years or until their successors are elected and qualified. Nominations for membership on the Board of Directors must be submitted in writing by a member of the Board or by a member of the Association, filed with the President of the Association at least thirty days but not more than sixty days prior to the date of the annual meeting at which they are to be voted. Any vacancy occurring on the Board of Directors may be filled for the unexpired term by the majority vote of the remaining directors.

Directors serving at December 31, 2016 were:

| <u>Name</u> | <u>Address</u> | <u>Principal Occupation</u> | <u>Term Expires</u> |
|------------------------|-------------------|-----------------------------|---------------------|
| Rodney J. Necker | Sumner, Iowa | Ag Instructor NEICC | 2018 |
| Marc Mummelthei | Waverly, Iowa | Ag Business | 2018 |
| Kelly Christensen | Cedar Falls, Iowa | Principal Financial | 2019 |
| Alan D. Eberline | Bristow, Iowa | Farmer | 2019 |
| Keith L. Oltrogge, CPA | Waverly, Iowa | Proprietor | 2020 |
| Eugene L. Traetow | Cedar Falls, Iowa | Proprietor | 2020 |
| Milton H. Ulfers | Allison, Iowa | Proprietor | 2020 |

The annual meeting of the Board meets immediately upon the adjournment of the annual meeting of the members. A majority of the directors constitutes a quorum for the transaction of business.

The Chairman receives a fee of \$375 and all other directors receive a fee of \$350 for each monthly meeting plus reimbursement of travel expenses.

Salaries and remuneration of directors are shown in Exhibit A following this report.

OFFICERS

At its annual meeting, the Board of Directors elects for a term of one year a Chairman, Vice Chairman, a President, a Secretary, a Treasurer and such other officers as deemed necessary. Any of the officer's duties may be combined and held by one person except the President and Secretary.

Officers serving at December 31, 2016 were:

| <u>Name</u> | <u>Office</u> |
|------------------|-------------------------|
| Randall Druvenga | President and Treasurer |
| Keith Oltrogge | Chairman |
| Chris Ristau | Vice President |
| Alan Eberline | Vice Chairman |
| Carmen Schaefer | Secretary |

Salaries and remuneration of officers are shown in Exhibit A following this report.

CONFLICT OF INTEREST

Conflict of interest statements were signed annually by all officers, directors, and key employees.

CORPORATE RECORDS

The Articles of Incorporation and Bylaws were not amended or substituted during the period covered by this examination.

The recorded minutes of the membership and Board of Directors meetings were read and noted. The minutes of the Board of Directors reflected that the Examination Report as of December 31, 2011 was reviewed and accepted at the April 8, 2013 board meeting.

AFFILIATED AGENCY

The Association formed an incorporated agency in 1985. Harms Insurance, Inc. was subsequently sold over a period of eight years under a stock purchase agreement effective July 1985. The option was exercised in 1994 with the remaining outstanding common and preferred stock sold to the manager of the agency. In addition, the Association owned the building which housed the agency. The building was sold as part of the purchase agreement.

At the October 2001 Board of Directors meeting, the Board authorized the President of the Association to form a subsidiary corporation to be known as First Maxfield Resources Holding Company for the purpose of purchasing and operating insurance related businesses and assets including the Harms Insurance, Inc. agency. Articles of Incorporation and Bylaws were drafted. All Board members of the Association became the initial directors and/or officers of the newly formed holding company, with the President of the Association elected Secretary/Treasurer of the Holding Company. The Board also authorized the sale of \$70,000 in common stock of the Holding Company be sold to the Association.

A purchase sales agreement between the Harms Insurance, Inc. agency and the First Maxfield Resources Holding Company was entered into in December 2001, whereby the Holding Company would purchase all policies in force, good will, contracts, etc. of the agency over a period of eight years, beginning January 1, 2006. The Holding Company subsequently purchased the building which housed the agency. The final payment commenced June 1, 2010.

On April 25, 2006 the First Maxfield Resources Holding Company and ABC Insurance Agency entered into a purchase sales agreement, effective July 1, 2006. The Holding Company agreed to purchase all policies in force, good will, contracts, etc. of the agency with payment due in full on March 15, 2007.

On March 1, 2010 the First Maxfield Resources Holding Company and Denver Insurance and Realty Company entered into a purchase sales agreement, effective March 1, 2010. The Holding Company agreed to purchase all policies in force, goodwill, contracts, etc. of the Agency. The Mutual transferred \$700,000 to the Holding Company to satisfy payment on the purchase agreement. The note receivable had an interest rate of 1% and final payment was due March 1, 2016. Payments were made on the note as cash flow allows.

The Association provides management and accounting services for the Holding Company. During 2016, the Holding Company paid the Association a management fee of \$52,000 for services rendered in 2016.

FIDELITY BONDS AND OTHER INSURANCE

The Association is protected by a blanket bond in the amount of \$500,000 for any one loss occurrence. The bond is written for an annual period and the indemnity is noncumulative.

Policies for other coverages are as follows:

- Workers' compensation and employers' liability
- Commercial property and liability coverage
- Commercial excess liability
- Business automobile liability
- Cyber liability

In addition, the Association has a directors' and officers' liability and professional liability policy in force with a non-admitted insurer qualified to write excess and surplus lines coverage in Iowa.

EMPLOYEES' WELFARE

The Association provides full-time eligible employees hospital, surgical and major medical benefits and a 401(k) plan on a non-contributory basis. The Association contributes five percent of the employee's salary to the retirement pension plan. There is no matching contribution from the Association. The total retirement plan contributions for 2012, 2013, 2014, 2015, and 2016 were \$23,252, \$24,395, \$26,036, \$28,570, and \$33,402, respectively.

The total profit share paid to employees, directors, and agencies for 2012, 2013, 2014, 2015, and 2016 were \$26,000, \$0, \$0, \$42,500, and \$46,667, respectively.

REINSURANCE

The Association has reinsurance contracts in force as of December 31, 2016 with an authorized insurer which provides the following:

Catastrophe Excess of Loss

First \$2,000,000 of ultimate net loss per catastrophe, which is any period of 96 consecutive hours arising out of and directly occasioned by the same event, is retained by the Association. One-hundred percent of ultimate net loss in excess of retention is covered by the reinsurer.

Aggregate Excess of Loss

First \$8,250,000 of ultimate net losses in aggregate, net of all other reinsurance recoveries is retained by Association. One-hundred percent of ultimate net loss in excess of retention is covered by the reinsurer. Reinsurance recovery is unlimited. Applies to new and renewal and in-force policies of the Association effective and becoming effective at and after the effective date of the contract until expiration of the contract.

Facultative

While facultative reinsurance was available, no risks were identified which would warrant a facultative agreement.

Reinsurance - General

Reinsurance attachments appear to be in compliance with Iowa statutes.

MARKET CONDUCT

TERRITORY AND PLAN OF OPERATION

The Association is authorized to transact business in the State of Iowa as a state mutual insurance association under the provisions of Chapter 518A, Code of Iowa. Business is authorized to be written in the following counties: Dickinson, Clay, Buena Vista, Sac, Carroll, Audubon, Cass, Adair, Guthrie, Greene, Calhoun, Pocahontas, Palo Alto, Emmet, Kossuth, Humboldt, Webster, Boone, Dallas, Madison, Warren, Polk, Story, Hamilton, Wright, Hancock, Winnebago, Worth, Cerro Gordo, Franklin, Hardin, Marshall, Jasper, Marion, Mahaska, Poweshiek, Tama, Grundy, Butler, Floyd, Mitchell, Howard, Chickasaw, Bremer, Black Hawk, Benton, Iowa, Keokuk, Johnson, Linn, Buchanan, Fayette, Winneshiek, Allamakee, Clayton, Delaware, Dubuque and Jones. It was noted from a review of numerous applications of policies in force, that risks appeared to be located within the authorized territory.

PRODUCER LICENSING

Business is written by 149 licensed and approved agents.

Policies are renewed for a one year period with premiums payable annually, semi-annually, quarterly, and monthly on an Electronic Funds Transfer basis only. The Association underwrites farm policies every three years and home policies every six years.

POLICY FORMS AND UNDERWRITING PRACTICES

The Association has policies in force on farm personal property, homeowners and country homeowners classes in insurance covering fire, allied lines, and inland marine.

ADVERTISING

The Association's advertising was reviewed and found to be in compliance with statutory requirements.

RATING AND STATISTICAL REPORTING

The Association is neither a member of nor a subscriber to any rating bureau or statistical reporting agency.

TREATMENT OF POLICYHOLDERS

Claims

Adjustment of claims is handled primarily by the Association's salaried Home Office personnel. Numerous claim files were reviewed to determine adequacy of loss reserves and the treatment of policyholders. From the claims reviewed, it appeared that the Association made prompt and equitable settlements which were in keeping with the terms of the policy contracts.

Complaint Register

A review was made of all written complaints received by the Association during the period under examination. All were properly handled by the Association.

GROWTH OF ASSOCIATION

The following historical data was taken from office copies of filed annual statements for the year indicated.

| <u>Year</u> | <u>Admitted Assets</u> | <u>Surplus to Policyholders</u> | <u>Premiums Earned</u> | <u>Losses Incurred</u> | <u>Investment Income Earned</u> |
|-------------|------------------------|---------------------------------|------------------------|------------------------|---------------------------------|
| 2012 | 32,027,615 | 27,770,676 | 5,323,657 | 1,174,522 | 1,100,631 |
| 2013 | 34,993,630 | 30,392,358 | 5,714,320 | 4,052,646 | 1,220,746 |
| 2014 | 39,585,700 | 34,207,212 | 6,380,636 | 2,124,862 | 1,228,056 |
| 2015 | 42,312,559 | 36,876,598 | 6,888,738 | 1,468,452 | 1,265,099 |
| 2016 | 46,809,745 | 41,474,141 | 7,251,728 | 2,200,159 | 1,390,607 |

UNDERWRITING EXPERIENCE

Underwriting experience as reflected by the Association's annual statements for the five-year period ended December 31, 2016 was as follows:

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>Total</u> |
|-------------------------------|-------------|--------------|-------------|-------------|-------------|--------------|
| Premiums earned | \$5,327,412 | \$5,714,320 | \$6,380,636 | \$6,888,738 | \$7,249,860 | \$31,560,966 |
| Deductions | | | | | | |
| Losses incurred | 1,152,182 | 4,052,646 | 2,124,862 | 1,468,452 | 2,068,210 | 10,866,352 |
| Loss adjustment expenses | 197,494 | 236,623 | 177,559 | 187,896 | 264,727 | 1,064,299 |
| Commissions | 1,401,068 | 1,286,881 | 1,703,612 | 1,690,257 | 1,891,246 | 7,973,064 |
| Salaries | 430,209 | 492,743 | 573,696 | 574,892 | 633,659 | 2,705,199 |
| Taxes, licenses and fees | 68,282 | 74,099 | 79,999 | 84,512 | 88,753 | 395,645 |
| Other underwriting expenses | 96,038 | 135,432 | 81,881 | 130,162 | 214,433 | 657,946 |
| Total underwriting deductions | \$3,345,273 | \$6,278,424 | \$4,741,609 | \$4,136,171 | \$5,161,028 | \$23,662,505 |
| Net underwriting gain (loss) | \$1,982,139 | \$ (564,104) | \$1,639,027 | \$2,752,567 | \$2,088,832 | \$ 7,898,461 |

Expressed in ratios of expenses incurred to premiums earned, the percentages would be:

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>Total</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Deductions | | | | | | |
| Losses | 21.6% | 70.9% | 33.3% | 21.3% | 28.5% | 34.4% |
| Loss adjustment expenses | 3.7 | 4.1 | 2.8 | 2.7 | 3.7 | 3.4 |
| Commissions | 26.3 | 22.5 | 26.7 | 24.5 | 26.1 | 25.3 |
| Salaries | 8.1 | 8.6 | 9.0 | 8.3 | 8.7 | 8.6 |
| Taxes, licenses and fees | 1.3 | 1.3 | 1.3 | 1.2 | 1.2 | 1.3 |
| Other underwriting expenses | 1.8 | 2.5 | 1.2 | 2.0 | 3.0 | 2.0 |
| Total underwriting deductions | 62.8% | 109.9% | 74.3% | 60.0% | 71.2% | 75.0% |
| Net underwriting gain (loss) | 37.2% | (9.9%) | 25.7% | 40.0% | 28.8% | 25.0% |

ACCOUNTS AND RECORDS

Office copies of the filed annual statements for the years under review were found to be in agreement with or reconciled to the general ledger balances of assets, liabilities, income and disbursements.

Selected cash receipts recorded during the period were checked and traced to the Association's depository. Checks paid during selected months were compared to the disbursement records and were scrutinized as to payees, amounts, and authorized signatures. Cash receipts and disbursements for selected months were proven by comparison and reconciliation to the monthly bank statements.

The Association was in compliance with the Commissioner's Bulletin 97-6 at December 31, 2016 relative to security custodial requirements.

In accordance with Section 518A.37, Code of Iowa, surplus must be maintained at a level of not less than one hundred thousand dollars or one-tenth of one percent of the gross risk in force, whichever is greater. At December 31, 2016, the gross risk in force for the Association was \$3,185,730,210. The Association's statutory minimum surplus level as of December 31, 2016 was \$3,185,730. It is noted the Association's surplus level to minimum surplus level ratio was 12.9/1. The reported surplus/statutory minimum ratio average for the Chapter 518A licensed industry at December 31, 2016 was 8.5/1.

Investment transactions do not appear to be properly classified and reported. Guidance suggests the transactions be recorded by trade date rather than settle date. It is also suggested that greater care be exercised to report investment securities according to their maturity dates, interest rates, CUSIPs, number of shares, and fair values.

F I N A N C I A L S T A T E M E N T S
A N D C O M M E N T S T H E R E O N

NOTE: Except as otherwise stated, the financial statements immediately following reflect only the transactions for the period ending December 31, 2016 and the assets and liabilities as of this date. Schedules may not add or tie precisely due to rounding.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

| | <u>Ledger</u> | <u>Not Admitted</u> | <u>Admitted</u> |
|--|---------------|-------------------------|-----------------|
| Bonds | \$26,412,107 | \$ 65,511 | \$26,346,596 |
| Preferred stocks | 1,556,920 | | 1,556,920 |
| Common stocks | 15,859,430 | | 15,859,430 |
| Real estate | | | |
| Properties occupied by the company | 586,520 | | 586,520 |
| Properties held for the production of income | 232,905 | | 232,905 |
| Cash and short-term investments | 731,316 | | 731,316 |
| Iowa Fair Plan | 5,932 | 5,932 | |
| Investment income due and accrued | 274,697 | | 274,697 |
| Premiums and considerations | | | |
| Uncollected premiums | 35,160 | 1,868 | 33,292 |
| Deferred premiums | 857,568 | | 857,568 |
| Other amounts receivable from reinsurers | 56,286 | | 56,286 |
| Federal income tax recoverable | 272,347 | 231,080 | 41,267 |
| Transportation equipment | 36,977 | 36,977 | |
| Prepaid expenses | 14,621 | 14,621 | |
| Agency receivable | 15 | 15 | |
| | \$46,932,801 | \$ 356,004 | \$46,576,797 |
| Total | | | |

LIABILITIES AND SURPLUS

| | | | |
|---|--|--------------|--------------|
| Losses | | \$ 357,481 | |
| Loss adjustment expenses | | 50,780 | |
| Commissions payable | | 267,068 | |
| Other expenses | | 23,185 | |
| Taxes, licenses and fees | | 10,946 | |
| Unearned premiums | | 4,028,414 | |
| Advance premiums | | 133,293 | |
| Ceded reinsurance premiums payable | | 93,803 | |
| Amounts withheld or retained by company for account of others | | 43,019 | |
| Profit sharing and salaries payable | | 355,790 | |
| Miscellaneous accounts payable | | 5,883 | |
| Accrued vacation payable | | 11,305 | |
| | | \$ 5,380,967 | |
| Total liabilities | | | |
| Surplus as regards policyholders | | | 41,195,830 |
| Total liabilities and surplus | | | \$46,576,797 |

UNDERWRITING AND INVESTMENT EXHIBIT

ONE-YEAR PERIOD DECEMBER 31, 2016

STATEMENT OF INCOME

| | | |
|--|-------------|---------------------|
| <u>Underwriting Income</u> | | \$ 7,249,860 |
| Premiums earned | | |
| <u>Deductions</u> | | |
| Losses incurred | \$2,068,210 | |
| Loss expenses incurred | 264,727 | |
| Other underwriting expenses | 2,828,091 | |
| Total underwriting deductions | | <u>5,161,028</u> |
| Net underwriting gain (loss) | | \$ 2,088,832 |
| <u>Investment Income</u> | | |
| Net investment income earned | 1,390,607 | |
| Net realized capital gain (loss) | 253,280 | |
| Total investment income | | \$ 1,643,887 |
| <u>Other Income</u> | | |
| Finance and service charges not included in premiums | 22,247 | |
| Miscellaneous income | 101,863 | |
| Net premiums collected for others | (23,698) | |
| Total other income | | <u>\$ 100,412</u> |
| Net income before Federal income tax | | \$ 3,833,131 |
| Federal income tax incurred | | <u>1,155,373</u> |
| Net income | | <u>\$ 2,677,758</u> |

CAPITAL AND SURPLUS ACCOUNT

| | | |
|---|--|---------------------|
| Surplus as regards policyholders, December 31, 2015 | | <u>\$36,876,598</u> |
| <u>Gains and (Losses) in Surplus</u> | | |
| Net income | | \$ 2,677,758 |
| Change in not admitted assets | | (70,699) |
| Change in net unrealized gains/losses | | <u>1,712,173</u> |
| Change in surplus as regards policyholders for the year | | <u>\$ 4,319,232</u> |
| Surplus as regards policyholders, December 31, 2016 | | <u>\$41,195,830</u> |

UNDERWRITING AND INVESTMENT EXHIBIT

FIVE-YEAR PERIOD DECEMBER 31, 2016

STATEMENT OF INCOME

| | | |
|--|-------------------|---------------------|
| <u>Underwriting Income</u> | | \$31,560,966 |
| Premiums earned | | |
| <u>Deductions</u> | | |
| Losses incurred | \$10,866,352 | |
| Loss expenses incurred | 1,064,299 | |
| Other operating expenses incurred | 11,731,854 | |
| Total underwriting deductions | <u>23,662,505</u> | |
| Net underwriting gain (loss) | | \$ 7,898,461 |
| <u>Investment Income</u> | | |
| Net investment income earned | 6,190,675 | |
| Net realized capital gain (loss) | 1,220,460 | |
| Total Investment income | | <u>\$ 7,411,135</u> |
| <u>Other Income</u> | | |
| Finance and Service charges not included in premiums | 103,444 | |
| Miscellaneous income | 577,236 | |
| Net premiums collected for other companies | 341,757 | |
| Contingent commissions | 31,694 | |
| Total other income | | <u>\$ 1,054,131</u> |
| Net income before Federal income tax | | \$16,363,727 |
| Federal income tax incurred | | <u>4,023,092</u> |
| Net income | | <u>\$12,340,635</u> |

CAPITAL AND SURPLUS ACCOUNT

| | | |
|---|--|---------------------|
| Surplus as regards policyholders, December 31, 2011 | | <u>\$24,379,828</u> |
| <u>Gains and (Losses) in Surplus</u> | | |
| Net income | | \$12,340,635 |
| Change in not admitted assets | | (110,312) |
| Change in net unrealized gains/losses | | <u>4,585,679</u> |
| Change in surplus as regards policyholders for the period | | <u>\$16,816,002</u> |
| Surplus as regards policyholders, December 31, 2016 | | <u>\$41,195,830</u> |

SURPLUS AS REGARDS POLICYHOLDERS

Examination changes which resulted in a net decrease to surplus are shown in the following statement of differences:

| <u>Classification</u> | <u>Association Annual Statement</u> | <u>Examination Financial Statement</u> | <u>Surplus Increase (Decrease)</u> |
|--------------------------------|---|--|--|
| <u>Assets</u> | | | |
| Uncollected premiums | \$ 35,160 | \$ 33,292 | \$ (1,868) |
| Federal income tax recoverable | 272,347 | 41,267 | (231,080) |
| <u>Liabilities</u> | | | |
| Losses | 489,430 | 357,481 | 131,949 |
| Loss adjustment expenses | 25,590 | 50,780 | (25,190) |
| Commissions payable | 127,202 | 267,068 | (139,866) |
| Other expenses | 22,234 | 23,185 | (951) |
| Accrued vacation payable | | 11,305 | (11,305) |
| Net change to surplus | | | \$ (278,311) |
| Surplus per Association | | | <u>\$41,474,141</u> |
| Surplus per examination | | | <u>\$41,195,830</u> |

During the period under review, surplus funds increased \$16,816,002 from the amount of \$24,379,828 shown in the last previous examination report. An operating statement reflecting the increase is shown in the financial section.

COMMENTS

Uncollected premiums \$ 33,292

The asset was decreased by \$1,868 to reflect the actual amount of premiums received in 2016.

Income tax recoverable \$ 41,267

The asset decreased by \$231,080 to reflect the income tax refund not received and credited to 2017 tax.

Losses \$ 357,481

Losses decreased by \$131,949 to reflect actual loss development.

Loss adjustment expenses \$ 50,780

An analysis of paid adjusting expenses to paid losses increased the liability by \$25,190.

Commissions payable \$ 267,068

The liability was increased by \$139,866 to reflect actual commissions paid on premiums receivable.

Other expenses \$ 23,185

The liability was increased by \$951 to reflect actual expenses paid in 2017 for 2016.

Accrued vacation payable \$ 11,305

A liability was established to reflect unused vacation pay carried over into 2017 in the amount of \$11,305.

CONCLUSION

The cooperation and assistance extended by the officers and employees of the Association during the course of this examination is hereby acknowledged.

Respectfully submitted,

/s/ Abby De Zeeuw

ABBY DE ZEEUW, CPA
Cain Ellsworth & Co., LLP
Representing the State of Iowa