



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 14, 2011

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on Carroll County, Iowa.

The County had local tax revenue of \$25,935,425 for the year ended June 30, 2010, which included \$932,540 in tax credits from the state. The County forwarded \$19,409,071 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,526,354 of the local tax revenue to finance County operations, a 1.7 percent increase over the prior year. Other revenues included charges for service of \$2,492,858, operating grants and contributions of \$4,981,868, capital grants and contributions of \$3,605,307, local option sales tax of \$916,542, unrestricted investment earnings of \$174,441 and other general revenues of \$292,958.

Expenses for County operations totaled \$14,882,308, a 3.5 percent increase from the prior year. Expenses included \$5,500,491 for roads and transportation, \$2,796,910 for public safety and legal services and \$2,147,718 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1010-0014-B00F.pdf>.

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CARROLL COUNTY

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

JUNE 30, 2010

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Carroll County

Carroll County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Del McDermott	Board of supervisors	(Deceased)
Sheryl Wegner (Appointed)	Board of Supervisors	Nov 2010
Dan Nieland	Board of Supervisors	Jan 2011
Marty Danzer	Board of Supervisors	Jan 2011
Eugene Meiners	Board of Supervisors	Jan 2013
Mark Beardmore	Board of Supervisors	Jan 2013
Joan Schettler	County Auditor	Jan 2013
Peggy Weitzl	County Treasurer	Jan 2011
Marilyn Dopheide	County Recorder	Jan 2011
Douglas R. Bass	County Sheriff	Jan 2013
John Werden	County Attorney	Jan 2011
Diane S. Janning	County Assessor	Jan 2016

Carroll County



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Independent Auditor's Report

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit.

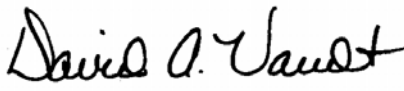
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

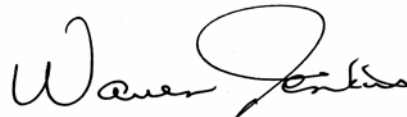
In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2011 on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 52 through 56 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2002 (which are not presented herein) and expressed a qualified opinion on those financial statements due to the effects of the omission of the general fixed assets account group. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 24, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carroll 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, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 20.2%, or approximately \$3,158,000, from fiscal year 2009 to fiscal year 2010. Capital grants and contributions increased approximately \$2,870,000 and operating grants and contributions increased approximately \$170,000.
- Governmental activities expenses increased 3.4%, or approximately \$482,000, in fiscal year 2010 from fiscal year 2009. Roads and transportation expenses increased approximately \$471,000, public safety and legal services expenses increased approximately \$285,000, physical health and social services expenses increased approximately \$130,000 and mental health expenses decreased approximately \$509,000.
- Governmental activities net assets increased 10.7%, or approximately \$3,870,000, from June 30, 2009 to June 30, 2010.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Carroll 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 Carroll 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 Carroll County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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

Fund Financial Statements

The County has three kinds of funds:

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

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

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund and the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds. 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 assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

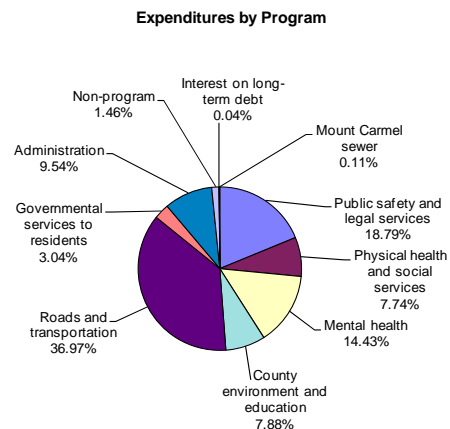
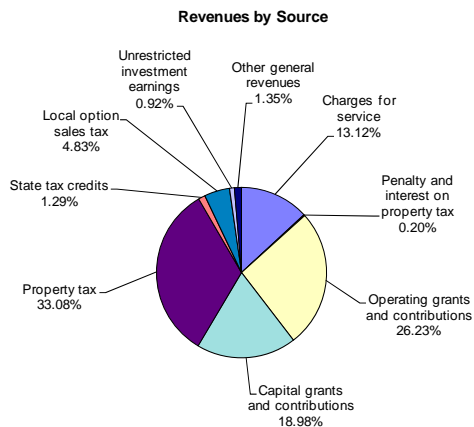
As noted earlier, net assets may serve over time as a useful indicator of financial position. Carroll County's combined net assets increased from a year ago, from approximately \$36.4 million to approximately \$40.5 million. The analysis that follows focuses on the changes in the net assets.

Net Assets of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 18,884	17,309	23	25	18,907	17,334
Capital assets	29,394	26,788	452	405	29,846	27,193
Total assets	48,278	44,097	475	430	48,753	44,527
Long-term liabilities	467	551	134	330	601	881
Other liabilities	7,623	7,229	4	-	7,627	7,229
Total liabilities	8,090	7,780	138	330	8,228	8,110
Net assets:						
Invested in capital assets, net of related debt	29,262	26,500	318	75	29,580	26,575
Restricted	6,718	5,499	-	-	6,718	5,499
Unrestricted	4,208	4,318	19	25	4,227	4,343
Total net assets	\$ 40,188	36,317	337	100	40,525	36,417

Net assets of Carroll County's governmental activities increased 10.7% (from approximately \$36.3 million to approximately \$40.2 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately \$4,318,000 at June 30, 2009 to approximately \$4,208,000 at the end of this year, a decrease of 2.5%.

Changes in Net Assets of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental		Business Type		Total	
	Activities		Activities			
	June 30,		June 30,		June 30,	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for service	\$ 2,476	2,451	16	9	2,492	2,460
Operating grants and contributions	4,982	4,812	-	-	4,982	4,812
Capital grants and contributions	3,424	554	181	74	3,605	628
General revenues:						
Property and other county tax	6,281	6,216	-	-	6,281	6,216
Penalty and interest on property tax	38	32	-	-	38	32
State tax credits	245	200	-	-	245	200
Local option sales tax	917	945	-	-	917	945
Unrestricted investment earnings	174	243	-	-	174	243
Other general revenues	256	182	-	-	256	182
Total revenues	18,793	15,635	197	83	18,990	15,718
Program expenses:						
Public safety and legal services	2,797	2,512	-	-	2,797	2,512
Physical health and social services	1,152	1,022	-	-	1,152	1,022
Mental health	2,148	2,657	-	-	2,148	2,657
County environment and education	1,172	1,141	-	-	1,172	1,141
Roads and transportation	5,501	5,030	-	-	5,501	5,030
Governmental services to residents	453	434	-	-	453	434
Administration	1,420	1,346	-	-	1,420	1,346
Non-program	217	231	-	-	217	231
Interest on long-term debt	6	11	-	-	6	11
Mount Carmel sewer	-	-	16	2	16	2
Total expenses	14,866	14,384	16	2	14,882	14,386
Excess of revenues over expenses	3,927	1,251	181	81	4,108	1,332
Operating transfers, net	(56)	(19)	56	19	-	-
Change in net assets	3,871	1,232	237	100	4,108	1,332
Net assets beginning of year	36,317	35,085	100	-	36,417	35,085
Net assets end of year	\$ 40,188	36,317	337	100	40,525	36,417



Carroll County's governmental activities net assets increased approximately \$3,870,000 during the year. Revenues for governmental activities increased approximately \$3,158,000 from the prior year, with capital grants and contributions increasing approximately \$2,870,000 over the prior year. The increase was primarily the result of grant reimbursements due to the increase in roadway projects as well as local donations for the Sauk Trail project.

The cost of all governmental activities this year was approximately \$14.9 million compared to approximately \$14.4 million last year. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately \$4.0 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,476,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,406,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased from approximately \$7,817,000 in fiscal year 2009 to approximately \$10,882,000 in fiscal year 2010, principally due to an increase in contributions for roads from the State of Iowa and an increase in federal and state grants and local donations associated with the construction of the Sauk Trail project. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$7,854,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Carroll County completed the year, its governmental funds reported a combined fund balance of approximately \$10.1 million, an increase of approximately \$1.1 million from last year's total of approximately \$9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund expenditures and transfers exceeded revenues in fiscal year 2010. The ending fund balance decreased approximately \$8,000 from the prior year to approximately \$3,646,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2010, expenditures totaled approximately \$2,156,000, a decrease of approximately \$469,000, or 17.9%, from the prior year. The decrease is primarily due to the increase federal Medicaid match applied by the State to the invoices received by the County which reduced the amount due from the County. The Special Revenue, Mental Health Fund balance at year end increased approximately \$943,000 over the prior year to approximately \$1,920,042. Clients continue to use waiver programs funded, in part, with state and federal dollars and the County received additional state funding to support mental health operations.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$55,000 from the prior year to approximately \$236,000. This increase is primarily due to an increase in the rural service tax levy from \$2.97815 per \$1,000 of taxable valuation to \$3.12953 per \$1,000 of taxable valuation.
- The Special Revenue, Secondary Roads Fund expenditures increased approximately \$891,000 from the prior year, primarily due to an increase in capitalized equipment purchases during the year. The Secondary Roads Fund balance at year end decreased approximately \$208,000, or 6.1%, to approximately \$3,232,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Carroll County amended its budget three times. The first amendment was made in September 2009 and resulted in an increase in disbursements of \$2,543,000, related primarily to the Mt. Carmel and Maple River wastewater projects, Sauk Trail project, Secondary Roads equipment purchases, Sheriff grant and insurance proceeds and allocation of Veterans' Affairs and County Attorney Collection and Forfeiture Funds.

The second amendment was made in December 2009. This amendment was made to increase disbursements approximately \$207,000, primarily due to conservation land purchase, ambulance remount, liability insurance and data processing equipment.

The third amendment was made in May 2010. This amendment was made to increase disbursements approximately \$331,000, primarily due to Secondary Roads snow and ice control, conservation programs and data processing equipment.

The County's receipts were approximately \$1,414,000 less than budgeted. Intergovernmental receipts were approximately \$1,264,000 less than budgeted due to the reduction of state credits, mental health property tax relief funds and allowable growth funds. Also, the Sauk Trail and Maple River projects were not completed by the end of the year. Therefore, reimbursements were not requested and received by the end of the year. Miscellaneous receipts were approximately \$189,000 less than budgeted due to the Fuel Depot taking in \$151,000 less than budgeted because fuel costs were lower than anticipated. In addition, Sauk Trail project donations were less than budgeted as not all pledged monies were received in fiscal year 2010.

Total disbursements were approximately \$4,263,000 less than the amended budget. Actual disbursements for capital projects, mental health, roads and transportation, non-program, administration and public safety and legal services functions were approximately \$2,296,000, \$672,000, \$437,000, \$347,000, \$199,000 and \$133,000, respectively, less than budgeted. The difference in capital projects function disbursements was primarily due to the Sauk Trail project falling behind schedule. The total amount budgeted for the project was \$1.5 million and only \$474,500 was expended during fiscal year 2010. In addition, the Tigges Pond project was budgeted for \$26,000 but the project was not started until fiscal year 2011. The Maple River Sewer project also fell behind schedule and had a budget of \$600,000. No payments were made on the Maple River Sewer project until after June 30, 2010. Also, the County had budgeted \$851,300 for roadway construction but only expended \$369,800 for projects in fiscal year 2010. The decline in mental health disbursements was primarily due to the increase in the federal Medicaid match and due to cost savings measures implemented by the County CPC during the year. The roads and transportation function disbursed less than budgeted due to a combination of fuel prices being lower than anticipated, completing less work on bridges and culverts than budgeted, not building a new shed in the City of Manning as was budgeted and spending less than anticipated on pilings, culverts and tools. The difference in the non-program function disbursements was primarily due to expending less CDBG grant monies for New Opportunities, New Hope Village and the Maple River sewer project than budgeted because projects did not move forward as quickly as anticipated. Administration function actual disbursements were less than the amount budgeted, primarily due to the County budgeting \$100,000 in LOST reserves for building maintenance not needed. In addition, the County budgeted \$32,000 from LOST reserves for new computer software not purchased until fiscal year 2011. The difference in public safety and legal services function disbursements was primarily due to the County spending \$24,400 less on overtime and vehicle maintenance than budgeted. Also, there were fewer prisoners than anticipated so the County spent \$11,200 less than budgeted on part-time jailers and \$10,200 less on jail meals. The County also had a reduction of \$23,400 in disbursements from the County Attorney Collection and Forfeiture Fund due to a lack of fund reserves.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, Carroll County had approximately \$29.4 million invested in a broad range of capital assets for governmental activities, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$2,606,000, or 9.7%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2010	2009
Land	\$ 1,755	1,583
Buildings	4,452	4,448
Equipment and vehicles	3,453	3,105
Infrastructure	19,213	17,652
Construction in progress	521	-
Total	\$ 29,394	26,788

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

Capital assets contributed by the Iowa Department of Transportation	\$ 2,430
Secondary Roads equipment	547
Sauk Trail project	521
Secondary Roads infrastructure	294
Ambulance equipment	209
Conservation land purchase	172
County Sheriff, Conservation and Mental Health vehicles	110
Other conservation projects	87
Total	\$ 4,370

The County had governmental activities depreciation expense of approximately \$1,752,000 in fiscal year 2010 and total accumulated depreciation of approximately \$24,151,000 at June 30, 2010.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2010, Carroll County had \$131,659 in long-term debt outstanding, compared to \$287,865 at June 30, 2009.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Carroll County's outstanding debt is significantly below its constitutional debt limit of approximately \$67.3 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 2010 was 5.0% versus 4.2% the previous year.

These indicators were taken into account when adopting the budget for fiscal year 2011. Amounts available for appropriation in the operating budget are approximately \$17.3 million, a decrease of 8.9% from the final fiscal year 2010 budget. The County has added no major new programs or initiatives to the fiscal year 2011 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$142,000 by the close of fiscal year 2011.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Carroll County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Carroll County Auditor's Office, 114 E. 6th, Carroll Iowa, 51401.

Basic Financial Statements

Carroll County

Carroll County
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments:			
County Treasurer	\$ 9,984,567	21,701	\$ 10,006,268
Conservation Foundation	25,805	-	25,805
Receivables:			
Property tax:			
Delinquent	7,482	-	7,482
Succeeding year	6,629,000	-	6,629,000
Interest and penalty on property tax	80,952	-	80,952
Accounts (net of allowance for doubtful accounts of \$79,038)	270,102	1,510	271,612
Accrued interest	33,531	-	33,531
Drainage assessments	2,218	-	2,218
Due from other governments	898,357	-	898,357
Inventories	860,144	-	860,144
Prepaid expenses	92,239	-	92,239
Capital assets (net of accumulated depreciation)	29,393,894	451,755	29,845,649
Total assets	48,278,291	474,966	48,753,257
Liabilities			
Accounts payable	691,916	1,533	693,449
Accrued interest payable	1,188	-	1,188
Salaries and benefits payable	17,182	-	17,182
Due to other governments	284,394	1,980	286,374
Deferred revenue:			
Succeeding year property tax	6,629,000	-	6,629,000
Long-term liabilities:			
Portion due or payable within one year:			
Bank loan	76,000	-	76,000
Conservation land loan	39,397	-	39,397
Compensated absences	178,380	-	178,380
Portion due or payable after one year:			
Conservation land loan	16,262	-	16,262
USDA loan	-	134,000	134,000
Compensated absences	19,820	-	19,820
Net OPEB liability	137,145	-	137,145
Total liabilities	8,090,684	137,513	8,228,197
Net Assets			
Invested in capital assets, net of related debt	29,262,235	317,755	29,579,990
Restricted for:			
Supplemental levy purposes	275,011	-	275,011
Mental health purposes	1,917,903	-	1,917,903
Secondary roads purposes	3,147,173	-	3,147,173
Capital projects	389,509	-	389,509
Debt service	1,791	-	1,791
Other purposes	987,399	-	987,399
Unrestricted	4,206,586	19,698	4,226,284
Total net assets	\$ 40,187,607	337,453	40,525,060

See notes to financial statements.

Carroll County

Statement of Activities

Year ended June 30, 2010

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 2,796,910	1,083,623	80,145	-
Physical health and social services	1,152,453	275,870	317,915	-
Mental health	2,147,718	472	1,365,989	-
County environment and education	1,172,484	122,515	229,140	1,074,000
Roads and transportation	5,500,491	391,185	2,983,524	2,350,307
Governmental services to residents	453,044	346,552	-	-
Administration	1,419,508	95,529	5,155	-
Non-program	217,430	160,614	-	-
Interest on long-term debt	6,409	-	-	-
Total governmental activities	14,866,447	2,476,360	4,981,868	3,424,307
Business type activities:				
Sewer Funds	15,861	16,498	-	181,000
Total	\$ 14,882,308	2,492,858	4,981,868	3,605,307

General Revenues and Transfers:

Property and other county tax levied for:

General purposes

Debt service

Tax increment financing

Penalty and interest on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(1,633,142)	-	(1,633,142)
(558,668)	-	(558,668)
(781,257)	-	(781,257)
253,171	-	253,171
224,525	-	224,525
(106,492)	-	(106,492)
(1,318,824)	-	(1,318,824)
(56,816)	-	(56,816)
(6,409)	-	(6,409)
(3,983,912)	-	(3,983,912)
-	181,637	181,637
(3,983,912)	181,637	(3,802,275)
6,157,888	-	6,157,888
87,737	-	87,737
35,688	-	35,688
37,490	-	37,490
245,041	-	245,041
916,542	-	916,542
174,334	107	174,441
255,468	-	255,468
(55,961)	55,961	-
7,854,227	56,068	7,910,295
3,870,315	237,705	4,108,020
36,317,292	99,748	36,417,040
\$ 40,187,607	337,453	40,525,060

Carroll County
Balance Sheet
Governmental Funds

June 30, 2010

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments:				
County Treasurer	\$ 3,227,708	2,128,522	201,433	2,212,263
Conservation Foundation	-	-	-	-
Receivables:				
Property tax:				
Delinquent	4,867	2,437	25	-
Succeeding year	3,654,000	1,628,000	1,270,000	-
Interest and penalty on property tax	80,952	-	-	-
Accounts (net of allowance for doubtful accounts of \$79,038)	179,166	826	-	1,110
Accrued interest	31,149	-	-	-
Drainage assessments	-	-	-	-
Due from other funds	201,895	-	-	5,035
Due from other governments	152,032	58,750	36,770	235,657
Inventories	-	-	-	860,144
Prepaid items	86,605	-	-	5,634
Total assets	\$ 7,618,374	3,818,535	1,508,228	3,319,843
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 166,350	22,576	250	79,321
Salaries and benefits payable	16,588	594	-	-
Due to other funds	2,829	84	2,122	-
Due to other governments	39,178	244,802	-	414
Deferred revenue:				
Succeeding year property tax	3,654,000	1,628,000	1,270,000	-
Other	93,446	2,437	25	8,575
Total liabilities	3,972,391	1,898,493	1,272,397	88,310
Fund balances:				
Reserved for:				
Supplemental levy purposes	287,908	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	3,358,075	-	-	-
Special revenue funds	-	1,920,042	235,831	3,231,533
Capital projects fund	-	-	-	-
Total fund balances	3,645,983	1,920,042	235,831	3,231,533
Total liabilities and fund balances	\$ 7,618,374	3,818,535	1,508,228	3,319,843

See notes to financial statements.

Nonmajor	Total
1,107,445	8,877,371
25,805	25,805
153	7,482
77,000	6,629,000
-	80,952
89,000	270,102
-	31,149
2,218	2,218
-	206,930
415,148	898,357
-	860,144
-	92,239
<u>1,716,769</u>	<u>17,981,749</u>
272,256	540,753
-	17,182
201,895	206,930
-	284,394
77,000	6,629,000
55,149	159,632
<u>606,300</u>	<u>7,837,891</u>
-	287,908
1,638	1,638
-	3,358,075
719,322	6,106,728
389,509	389,509
<u>1,110,469</u>	<u>10,143,858</u>
<u>1,716,769</u>	<u>17,981,749</u>

Carroll County

Carroll County

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

June 30, 2010

Total governmental fund balances (page 23) \$ 10,143,858

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$53,545,200 and the accumulated depreciation is \$24,151,306. 29,393,894

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 159,632

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 958,415

Long-term liabilities, including bank loan payable, conservation land loan payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (468,192)

Net assets of governmental activities (page 19) \$ 40,187,607

See notes to financial statements.

Carroll County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2010

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,320,351	1,661,571	1,179,759	-
Local option sales tax	-	-	458,271	-
Interest and penalty on property tax	32,778	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	807,396	1,427,842	48,465	3,032,773
Licenses and permits	96,598	-	3,435	1,160
Charges for service	1,647,415	472	-	-
Use of money and property	260,139	-	-	-
Miscellaneous	150,469	9,084	-	360,075
Total revenues	6,315,146	3,098,969	1,689,930	3,394,008
Expenditures:				
Operating:				
Public safety and legal services	2,425,694	-	320,756	-
Physical health and social services	1,132,825	-	-	-
Mental health	-	2,156,469	-	-
County environment and education	750,406	-	142,595	-
Roads and transportation	-	-	25,000	4,521,295
Governmental services to residents	415,692	-	-	-
Administration	1,323,946	-	-	-
Non-program	132,352	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	369,849
Total expenditures	6,180,915	2,156,469	488,351	4,891,144
Excess (deficiency) of revenues over (under) expenditures	134,231	942,500	1,201,579	(1,497,136)
Other financing sources (uses):				
Operating transfers in	-	-	-	1,289,000
Operating transfers out	(142,000)	-	(1,147,000)	-
Total other financing sources (uses)	(142,000)	-	(1,147,000)	1,289,000
Net change in fund balances	(7,769)	942,500	54,579	(208,136)
Fund balances beginning of year	3,653,752	977,542	181,252	3,439,669
Fund balances end of year	\$ 3,645,983	1,920,042	235,831	3,231,533

See notes to financial statements.

Nonmajor	Total
87,747	6,249,428
458,271	916,542
-	32,778
35,688	35,688
675,098	5,991,574
-	101,193
10,716	1,658,603
315	260,454
354,548	874,176
<u>1,622,383</u>	<u>16,120,436</u>
12,098	2,758,548
-	1,132,825
-	2,156,469
288,603	1,181,604
-	4,546,295
-	415,692
-	1,323,946
16,274	148,626
90,409	90,409
897,670	1,267,519
<u>1,305,054</u>	<u>15,021,933</u>
<u>317,329</u>	<u>1,098,503</u>
-	1,289,000
-	(1,289,000)
<u>-</u>	<u>-</u>
317,329	1,098,503
<u>793,140</u>	<u>9,045,355</u>
<u>1,110,469</u>	<u>10,143,858</u>

Carroll County

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

Year ended June 30, 2010

Net change in fund balances - Total governmental funds (page 27) \$ 1,098,503

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,968,100	
Capital assets contributed by other governments	2,430,307	
Depreciation expense	<u>(1,751,893)</u>	2,646,514

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (40,538)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	4,405	
Other	<u>62,939</u>	67,344

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 156,206

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(3,527)	
Other postemployment benefits	(68,634)	
Interest on long-term debt	<u>5,962</u>	(66,199)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 8,485

Change in net assets of governmental activities (page 21) \$ 3,870,315

See notes to financial statements.

Carroll County
Statement of Net Assets
Proprietary Funds

June 30, 2010

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Assets		
Current assets:		
Cash and pooled investments	\$ 21,701	1,107,196
Receivables:		
Accrued interest	-	2,382
Accounts	1,510	-
Capital assets, net of accumulated depreciation	451,755	-
Total assets	474,966	1,109,578
Liabilities		
Current liabilities:		
Accounts payable	1,533	151,163
Due to other governments	1,980	-
Long-term liabilities:		
USDA loan	134,000	-
Total liabilities	137,513	151,163
Net Assets		
Invested in capital assets, net of related debt	317,755	-
Unrestricted	19,698	958,415
Total net assets	\$ 337,453	958,415

See notes to financial statements.

Carroll County
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2010

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	869,231
Reimbursements from employees	-	155,406
Charges for service	16,498	-
Total operating revenues	<u>16,498</u>	<u>1,024,637</u>
Operating expenses:		
Medical claims	-	837,568
Administrative fees	-	192,606
Depreciation	9,495	-
Miscellaneous	4,385	-
Total operating expenses	<u>13,880</u>	<u>1,030,174</u>
Operating income (loss)	<u>2,618</u>	<u>(5,537)</u>
Non-operating revenues (expenses):		
Interest income	107	14,022
State and federal grants	181,000	-
Miscellaneous	(1,981)	-
Total nonoperating revenues (expenses)	<u>179,126</u>	<u>14,022</u>
Income before contributions	181,744	8,485
Capital contributions	<u>55,961</u>	<u>-</u>
Change in net assets	237,705	8,485
Net assets beginning of year	<u>99,748</u>	<u>949,930</u>
Net assets end of year	<u>\$ 337,453</u>	<u>958,415</u>

See notes to financial statements.

Carroll County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2010

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	869,231
Cash received from employees and others	-	155,406
Cash received from sewer fees	16,567	-
Cash paid to suppliers for services	(2,864)	(998,912)
Net cash provided by operating activities	13,703	25,725
Cash flows from investing activities:		
Interest on investments	106	15,551
Cash flows from capital and related financing activities:		
USDA loan proceeds	134,000	
Non-operating grant proceeds	181,000	-
Bank loan principal paid	(329,987)	-
Net cash provided by capital and related financing activities	(14,987)	-
Net increase (decrease) in cash and cash equivalents	(1,178)	41,276
Cash and cash equivalents beginning of year	22,879	1,065,920
Cash and cash equivalents end of year	\$ 21,701	1,107,196
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 2,618	(5,537)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	9,495	-
(Increase) in accounts receivable	69	-
Increase in accounts payable	1,521	31,262
Net cash provided by operating activities	\$ 13,703	25,725

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, capital assets of \$55,961 were contributed to the Enterprise, Maple River Sewer Fund by the General Fund.

See notes to financial statements.

Carroll County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Assets

Cash and pooled investments:

County Treasurer	\$ 1,239,063
Other County officials	21,441

Receivables:

Property tax:

Delinquent	46,403
Succeeding year	19,494,000

Accounts	43,806
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Due from other governments	19,831
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Total assets	<u>20,864,544</u>
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Liabilities

Accounts payable	13,373
------------------	--------

Due to other governments	20,831,898
--------------------------	------------

Trusts payable	15,512
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Compensated absences	3,761
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Total liabilities	<u>20,864,544</u>
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Net assets	<u><u>\$ -</u></u>
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See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail and the Conservation Education Center and were not included in the County's budget. The financial transactions of this component unit have been reported in the Special Revenue and Capital Projects Funds.

Jointly Governed Organizations – The County also 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: Carroll County Assessor's Conference Board, Carroll County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll Area Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Jackson Recovery Center and Resource, Conservation and Development.

B. Basis of Presentation

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

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt 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 assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary roads construction and maintenance.

Additionally, the County reports the following proprietary funds:

Enterprise Funds are utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

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

The following fiduciary funds are also reported:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

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

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	30 - 50
Infrastructure	15 - 65
Intangibles	5 - 20
Equipment	2 - 40
Vehicles	4 - 10

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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 Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had an investment in the Iowa Public Agency Investment Trust which is valued at an amortized cost of \$185,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Capital Projects	<u>\$ 201,895</u>
Special Revenue: Secondary Roads	General	2,829
	Special Revenue: Mental Health	84
	Rural Services	<u>2,122</u>
		<u>5,035</u>
Total		<u>\$ 206,930</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 142,000
	Special Revenue: Rural Services	<u>1,147,000</u>
Total		<u>\$ 1,289,000</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,583,131	172,000	-	1,755,131
Construction in progress	-	3,165,215	(2,643,756)	521,459
Total capital assets not being depreciated	<u>1,583,131</u>	<u>3,337,215</u>	<u>(2,643,756)</u>	<u>2,276,590</u>
Capital assets being depreciated:				
Buildings	6,453,614	154,521	-	6,608,135
Improvements other than buildings	11,050	-	-	11,050
Equipment and vehicles	7,514,023	906,671	(422,639)	7,998,055
Infrastructure, road network	34,007,614	2,643,756	-	36,651,370
Infrastructure, other	-	-	-	-
Total capital assets being depreciated	<u>47,986,301</u>	<u>3,704,948</u>	<u>(422,639)</u>	<u>51,268,610</u>
Less accumulated depreciation for:				
Buildings	2,016,395	150,564	-	2,166,959
Improvements other than buildings	368	368	-	736
Equipment and vehicles	4,409,093	518,236	(382,101)	4,545,228
Infrastructure, road network	16,355,658	1,082,725	-	17,438,383
Infrastructure, other	-	-	-	-
Total accumulated depreciation	<u>22,781,514</u>	<u>1,751,893</u>	<u>(382,101)</u>	<u>24,151,306</u>
Total capital assets being depreciated, net	<u>25,204,787</u>	<u>1,953,055</u>	<u>(40,538)</u>	<u>27,117,304</u>
Governmental activities capital assets, net	<u>\$ 26,787,918</u>	<u>5,290,270</u>	<u>(2,684,294)</u>	<u>29,393,894</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 176,077
Physical health and social services	2,249
County environment and education	80,552
Roads and transportation	1,390,882
Governmental services to residents	30,562
Administration	<u>71,571</u>
Total depreciation expense - governmental activities	<u>\$ 1,751,893</u>

Business type activities capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 25,302	198	-	25,500
Construction in progress	379,987	55,961	(379,987)	55,961
Total capital assets not being depreciated	<u>405,289</u>	<u>56,159</u>	<u>(379,987)</u>	<u>81,461</u>
Capital assets being depreciated:				
Infrastructure	-	379,789	-	379,789
Less accumulated depreciation for:				
Infrastructure	-	9,495	-	9,495
Total capital assets being depreciated, net	<u>-</u>	<u>370,294</u>	<u>-</u>	<u>370,294</u>
Business type activities capital assets, net	<u>\$ 405,289</u>	<u>426,453</u>	<u>(379,987)</u>	<u>451,755</u>
Total depreciation expense - business type activities				<u>\$ 9,495</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	<u>\$ 39,178</u>
Special Revenue:		
Mental Health	Services	244,802
Secondary Roads	Services	414
		<u>245,216</u>
Total for governmental funds		<u>\$ 284,394</u>
Agency:		
Agricultural Extension Education	Collections	\$ 170,427
County Assessor		421,406
Schools		10,919,812
Community Colleges		519,349
Corporations		7,584,343
Townships		243,800
Auto License and Use Tax		559,371
E911 Service Commission		175,881
All other		<u>237,509</u>
Total for agency funds		<u>\$ 20,831,898</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Bank Loan	Conser- vation Land Loan	Compen- sated Absences	Net OPEB Liability	Total
Governmental activities:					
Balance beginning of year	\$ 160,000	127,865	194,673	68,511	551,049
Increases	-	-	247,910	99,858	347,768
Decreases	84,000	72,206	244,383	31,224	431,813
Balance end of year	\$ 76,000	55,659	198,200	137,145	467,004
Due within one year	\$ 76,000	39,397	178,380	-	293,777

	Capital Loan Anticipation Note	Mt. Carmel USDA Loan	Total
Business type activities:			
Balance beginning of year	\$ 329,987	-	329,987
Increases	-	134,000	134,000
Decreases	329,987	-	329,987
Balance end of year	\$ -	134,000	134,000
Due within one year	\$ -	-	-

Bank Loan

On December 26, 2006, the County entered into a bank loan with Carroll County State Bank, Carroll, Iowa for \$400,000 to finance improvements to the Carroll County courthouse. The terms of the bank loan provide for five annual payments of principal with interest at 4.94% per annum, beginning June 1, 2007, with annual principal payments of \$80,000 plus interest. During the year ended June 30, 2010, the County paid \$84,000 and \$6,408 of principal and interest, respectively. The unpaid balance at June 30, 2010 totaled \$76,000. A summary of the County's obligation under the loan dated December 26, 2006 is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2011	4.94%	\$ 76,000	3,754	79,754

Conservation Land Loan

On August 8, 2007, the Iowa Natural Heritage Foundation entered into a bank loan with Breda Savings Bank, Breda, Iowa for \$245,000 to finance the acquisition of two 40-acre parcels of land in Carroll County. The terms of the bank loan provide for five annual payments of principal and interest at 5.80% per annum, beginning August 1, 2008, with annual principal and interest payments of \$40,000 plus interest with a balloon payment of \$139,927 due on August 1, 2012. On May 1, 2007, the Carroll County Conservation Board signed an agreement with the Iowa Natural Heritage Foundation to make the debt payments until the loan is paid off. At the time the loan is paid off, the Iowa Natural Heritage Foundation intends to donate the property to the Carroll County Conservation Board or will reimburse the Conservation Board for all funds contributed. During the year ended June 30, 2010, the County paid principal and interest of \$72,206 and \$7,497, respectively. The unpaid balance at June 30, 2010 totaled \$55,659. A summary of the County's obligation under the loan dated August 8, 2007 is as follows:

Year				
Ending	Interest			
June 30,	Rate	Principal	Interest	Total
2011	5.80%	\$ 39,397	603	40,000
2012	5.80	16,262	943	17,205
Total		\$ 55,659	1,546	57,205

Capital Loan Anticipation Note

On August 25, 2008, the County issued a \$400,000 Sewer Capital Loan Anticipation Note, Series 2008 with a 4.25% fixed interest rate, to Westside State Bank. The proceeds were used to pay the costs of improvements and extensions to the Mt. Carmel Sewer Utility System, including the costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Mt. Carmel Area. The County agreed to repay the note and interest at maturity on October 1, 2009. During the year ended June 30, 2010, the County paid the outstanding balance of \$329,987 on the note.

Mt. Carmel USDA Capital Loan Note

On October 1, 2009, the County issued a \$134,000 Sewer Revenue Capital Loan Note, Series 2009, with a 3.375% fixed interest rate, to the United States of America Department of Agriculture (USDA). The proceeds were used to pay a portion of the costs of improvements and extensions to the Mt. Carmel Sewer Utility System, including the costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Mt. Carmel area. The County agreed to make payments of \$516 per month beginning November 1, 2010 and continuing until the principal and interest are fully paid, except the final installment of the entire balance of principal and interest, if not paid sooner, shall become due and payable on October 1, 2049. A summary of the County's obligation under the loan dated October 1, 2009 is as follows:

Year				
Ending	Interest			
June 30,	Rate	Principal	Interest	Total
2011	3.375%	\$ -	4,128	4,128
2012	3.375	-	6,192	6,192
2013	3.375	-	6,192	6,192
2014	3.375	1,310	4,882	6,192
2015	3.375	1,740	4,452	6,192
2016-2020	3.375	9,640	21,320	30,960
2021-2025	3.375	11,408	19,552	30,960
2026-2030	3.375	13,502	17,458	30,960
2031-2035	3.375	15,980	14,980	30,960
2036-2040	3.375	18,913	12,047	30,960
2041-2045	3.375	22,385	8,575	30,960
2046-2050	3.375	39,122	4,134	43,256
Total		\$ 134,000	123,912	257,912

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$319,354, \$291,235 and \$261,427, respectively, equal to the required contributions for each year.

(9) Risk Management

The County is a member in 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 634 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 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 due and payable in the current 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 to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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 contributions to the Pool for the year ended June 30, 2010 were \$117,881.

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 in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. 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, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, 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. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 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.

(10) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 110 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 99,735
Interest on net OPEB obligation	2,740
Adjustment to annual required contribution	(2,618)
Annual OPEB cost	<u>99,857</u>
Contributions made	(31,223)
Increase in net OPEB obligation	<u>68,634</u>
Net OPEB obligation beginning of year	68,511
Net OPEB obligation end of year	<u><u>\$ 137,145</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the County contributed \$31,223 to the medical plan. Plan members eligible for benefits contributed \$21,501, or 40.8% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 99,857	31.2%	\$ 137,145

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$898,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$898,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,158,000 and the ratio of the UAAL to covered payroll was 21.6%. As of June 30, 2010, there were no trust fund assets.

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

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

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Annuity Mortality Table projected to 2010 using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$352 per month for retirees and \$721 for retirees and spouse less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2010 was \$869,231.

Amounts payable from the Internal Service Fund at June 30, 2010 total \$151,163, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$958,415 at June 30, 2010 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 119,901
Incurred claims (including claims incurred but not reported at June 30, 2010)	837,568
Payments on claims during the fiscal year	<u>806,306</u>
Unpaid claims end of year	<u><u>\$ 151,163</u></u>

(12) Revenue Bonds

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On July 29, 2004, the County issued \$1,247,141 of revenue bonds in accordance with Chapter 419 of the Code of Iowa on behalf of the Manning Heritage Foundation to construct a convention center, hotel and restaurant. The bonds are not a general obligation of the County, but are payable solely from the net revenues of the Manning Heritage Foundation. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On November 22, 2006, the County issued \$6,575,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to finance a portion of the cost of the construction of a four-story addition to the hospital, to equip the addition, and to add parking structures and a new surgery center. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

On December 1, 2008, the County issued \$1,400,000 of Facility Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of New Opportunities Inc. for the purchase of land and a building and to equip the building to be used as a Head Start/Outreach facility. The bonds are not a general obligation of the County, but are payable solely from the net revenues of New Opportunities, Inc. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

(13) County Care Facility

On July 1, 1990, the management and operation of the Carroll County Care Facility was assumed by Mallard View, Inc. The agreement requires the operator to make monthly rental payments to the County and for the County to pay the operator for services rendered. This agreement was renewed for the period commencing on July 1, 2008 and ending on June 30, 2011.

(14) Developer Agreement

The County entered into a developer agreement on November 28, 2007 to assist in an urban renewal project with Templeton Crop Nutrients, LLC. The County agreed to rebate up to 100% of the incremental property tax paid by the developer in exchange for the costs of constructing a new fertilizer storage and distribution facility. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated semi-annually beginning in the fiscal year ended June 30, 2009 for five years. During the year ended June 30, 2010, \$35,688 was rebated to the developer, Templeton Crop Nutrients, LLC.

(15) Commitments

On September 8, 2009, the County entered into a contract totaling \$622,025 for the Maple River sewer project for the purpose of making improvements and extensions to the Maple River sewer utility system, including costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Maple River area of the County. On October 26, 2009, the County approved the issuance of not to exceed \$600,000 in sewer revenue capital loan notes. As of June 30, 2010, approximately \$56,000 of construction on the sewer project had been completed with none of the sewer revenue capital loan notes being used.

Carroll County

Required Supplementary Information

Carroll County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2010

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,191,919	-	7,191,919
Interest and penalty on property tax	34,918	-	34,918
Intergovernmental	5,580,929	17,634	5,563,295
Licenses and permits	100,950	-	100,950
Charges for service	1,698,843	-	1,698,843
Use of money and property	273,770	-	273,770
Miscellaneous	759,845	62,861	696,984
Total receipts	<u>15,641,174</u>	<u>80,495</u>	<u>15,560,679</u>
Disbursements:			
Public safety and legal services	2,767,435	-	2,767,435
Physical health and social services	1,130,633	-	1,130,633
Mental health	2,211,291	-	2,211,291
County environment and education	1,144,176	93,578	1,050,598
Roads and transportation	4,640,369	-	4,640,369
Governmental services to residents	415,502	-	415,502
Administration	1,317,327	-	1,317,327
Non-program	140,370	27,114	113,256
Debt service	90,408	-	90,408
Capital projects	1,008,240	-	1,008,240
Total disbursements	<u>14,865,751</u>	<u>120,692</u>	<u>14,745,059</u>
Excess (deficiency) of receipts over (under) disbursements	775,423	(40,197)	815,620
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	775,423	(40,197)	815,620
Balance beginning of year	<u>8,127,753</u>	<u>123,054</u>	<u>8,004,699</u>
Balance end of year	<u>\$ 8,903,176</u>	<u>82,857</u>	<u>8,820,319</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,150,767	7,220,767	(28,848)
30,000	30,000	4,918
5,405,970	6,827,687	(1,264,392)
104,600	104,600	(3,650)
1,578,620	1,656,620	42,223
249,344	249,344	24,426
513,680	886,101	(189,117)
<u>15,032,981</u>	<u>16,975,119</u>	<u>(1,414,440)</u>
2,852,694	2,900,715	133,280
1,177,753	1,213,313	82,680
2,883,408	2,883,408	672,117
1,016,673	1,097,063	46,465
4,531,460	5,077,460	437,091
463,180	463,180	47,678
1,473,259	1,516,791	199,464
430,000	460,000	346,744
87,904	91,904	1,496
1,010,400	3,303,950	2,295,710
<u>15,926,731</u>	<u>19,007,784</u>	<u>4,262,725</u>
(893,750)	(2,032,665)	2,848,285
-	600,000	(600,000)
(893,750)	(1,432,665)	2,248,285
<u>5,967,114</u>	<u>8,004,693</u>	<u>6</u>
<u>5,073,364</u>	<u>6,572,028</u>	<u>2,248,291</u>

Carroll County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,641,174	479,262	16,120,436
Expenditures	14,865,751	156,182	15,021,933
Net	775,423	635,444	1,098,503
Beginning fund balances	8,127,753	917,602	9,045,355
Ending fund balances	\$ 8,903,176	1,553,046	10,143,858

See accompanying independent auditor's report.

Carroll County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$3,081,053. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

Carroll County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 898	898	0.0%	4,158	21.6%
2010	July 1, 2008	-	898	898	0.0	4,158	21.6

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

Carroll County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2010

	Special Revenue				
	Resource Enhance- ment and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Foundation
Assets					
Cash and pooled investments:					
County Treasurer	\$ 399	21,219	4	57,052	-
Conservation Foundation	-	-	-	-	25,805
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	-	-	-
Drainage assessments	-	-	-	2,218	-
Due from other governments	-	-	-	-	32,246
Total assets	\$ 399	21,219	4	59,270	58,051
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	-	-	320	-
Due to other funds	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	32,246
Total liabilities	-	-	-	320	32,246
Fund equity:					
Fund balances:					
Reserved for debt service	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	399	21,219	4	58,950	25,805
Capital projects fund	-	-	-	-	-
Total fund equity	399	21,219	4	58,950	25,805
Total liabilities and fund equity	\$ 399	21,219	4	59,270	58,051

See accompanying independent auditor's report.

Local Option Sales Tax	County Attorney Collection	Debt Service	Capital Projects	Total
555,510	17,328	1,638	454,295	1,107,445
-	-	-	-	25,805
-	-	153	-	153
-	-	77,000	-	77,000
-	-	-	89,000	89,000
-	-	-	-	2,218
38,750	1,857	-	342,295	415,148
594,260	19,185	78,791	885,590	1,716,769
-	500	-	271,436	272,256
-	-	-	201,895	201,895
-	-	77,000	-	77,000
-	-	153	22,750	55,149
-	500	77,153	496,081	606,300
-	-	1,638	-	1,638
594,260	18,685	-	-	719,322
-	-	-	389,509	389,509
594,260	18,685	1,638	389,509	1,110,469
594,260	19,185	78,791	885,590	1,716,769

Carroll County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2010

	Special Revenue				
	Resource Enhance- ment and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Foundation
Revenues:					
Property and other county tax	\$ -	-	-	-	-
Local option sales tax	-	-	-	-	-
Tax increment financing	-	-	-	-	-
Intergovernmental	79,703	-	-	16,523	-
Charges for service	-	4,144	1	-	-
Use of money and property	15	68	-	-	232
Miscellaneous	-	-	-	-	62,629
Total revenues	79,718	4,212	1	16,523	62,861
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	-
County environment and education	79,703	-	-	27,435	93,577
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	79,703	-	-	27,435	93,577
Excess (deficiency) of revenues over (under) expenditures	15	4,212	1	(10,912)	(30,716)
Fund balances beginning of year	384	17,007	3	69,862	56,521
Fund balances end of year	\$ 399	21,219	4	58,950	25,805

See accompanying independent auditor's report.

Local Option Sales Tax	Tax Increment Financing	County Attorney Collection	Debt Service	Capital Projects	Total
-	-	-	87,747	-	87,747
458,271	-	-	-	-	458,271
-	35,688	-	-	-	35,688
-	-	12,424	-	566,448	675,098
-	-	-	-	6,571	10,716
-	-	-	-	-	315
1,980	-	-	-	289,939	354,548
460,251	35,688	12,424	87,747	862,958	1,622,383
-	-	12,098	-	-	12,098
52,200	35,688	-	-	-	288,603
16,274	-	-	-	-	16,274
-	-	-	90,409	-	90,409
-	-	-	-	897,670	897,670
68,474	35,688	12,098	90,409	897,670	1,305,054
391,777	-	326	(2,662)	(34,712)	317,329
202,483	-	18,359	4,300	424,221	793,140
594,260	-	18,685	1,638	389,509	1,110,469

Schedule 3

Carroll County
Combining Schedule of Net Assets
Nonmajor Proprietary Funds

June 30, 2010

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Assets			
Current assets:			
Cash and pooled investments	\$ 21,701	-	21,701
Receivables:			
Accounts	1,510	-	1,510
Capital assets, net of accumulated depreciation	395,794	55,961	451,755
Total assets	419,005	55,961	474,966
Liabilities			
Current liabilities:			
Accounts payable	1,533	-	1,533
Due to other governments	1,980	-	1,980
Long-term liabilities:			
USDA loan	134,000	-	134,000
Total liabilities	137,513	-	137,513
Net Assets			
Invested in capital assets, net of related debt	261,794	55,961	317,755
Unrestricted	19,698	-	19,698
Total net assets	\$ 281,492	55,961	337,453

See accompanying independent auditor's report.

Carroll County

Combining Schedule of Revenues, Expenses and
Nonmajor Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2010

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Operating revenues:			
Charges for service	\$ 16,498	-	16,498
Operating expenses:			
Depreciation	9,495	-	9,495
Miscellaneous	4,385	-	4,385
Total operating expenses	13,880	-	13,880
Operating income	2,618	-	2,618
Non-operating revenues (expenses):			
Interest income	107	-	107
State and federal grants	181,000	-	181,000
Miscellaneous	(1,981)	-	(1,981)
Total nonoperating revenues (expenses)	179,126	-	179,126
Net income before contributions	181,744	-	181,744
Capital contributions	-	55,961	55,961
Change in net assets	181,744	55,961	237,705
Net assets beginning of year	99,748	-	99,748
Net assets end of year	\$ 281,492	55,961	337,453

See accompanying independent auditor's report.

Schedule 5

Carroll County

Combining Schedule of Cash Flows
Nonmajor Proprietary Funds

Year ended June 30, 2010

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Cash flows from operating activities:			
Cash received from sewer fees	\$ 16,567	-	16,567
Cash paid to suppliers for services	(2,864)	-	(2,864)
Net cash provided by operating activities	13,703	-	13,703
Cash flows from investing activities:			
Interest on investments	106	-	106
Cash flows from capital and related financing activities:			
USDA loan proceeds	134,000	-	134,000
Non-operating grant proceeds	181,000	-	181,000
Bank loan principal paid	(329,987)	-	(329,987)
Net cash used by capital and related financing activities	(14,987)	-	(14,987)
Net decrease in cash and cash equivalents	(1,178)	-	(1,178)
Cash and cash equivalents beginning of year	22,879	-	22,879
Cash and cash equivalents end of year	\$ 21,701	-	21,701
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,618	-	2,618
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,495	-	9,495
Decrease in accounts receivable	69	-	69
Increase in accounts payable	1,521	-	1,521
Net cash provided by operating activities	\$ 13,703	-	13,703

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, capital assets of \$55,961 were contributed to the Enterprise, Maple River Sewer Fund by the General Fund.

See accompanying independent auditor's report.

Carroll County

Carroll County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,188	199,985	73,635	3,596
Other County officials	21,441	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	239	270	16,177	753
Succeeding year	-	169,000	224,000	10,830,000	515,000
Accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 21,441	170,427	424,255	10,919,812	519,349
Liabilities					
Accounts payable	\$ -	-	4	-	-
Due to other governments	5,929	170,427	421,406	10,919,812	519,349
Trusts payable	15,512	-	-	-	-
Compensated absences	-	-	2,845	-	-
Total liabilities	\$ 21,441	170,427	424,255	10,919,812	519,349

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
44,386	1,797	559,371	134,914	220,191	1,239,063
-	-	-	-	-	21,441
28,957	3	-	-	4	46,403
7,511,000	242,000	-	-	3,000	19,494,000
-	-	-	43,666	140	43,806
-	-	-	-	19,831	19,831
7,584,343	243,800	559,371	178,580	243,166	20,864,544
-	-	-	2,699	10,670	13,373
7,584,343	243,800	559,371	175,881	231,580	20,831,898
-	-	-	-	-	15,512
-	-	-	-	916	3,761
7,584,343	243,800	559,371	178,580	243,166	20,864,544

Carroll County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 26,729	170,675	401,640	10,527,129	514,082
Additions:					
Property and other county tax	-	162,709	216,523	10,426,692	495,112
E911 surcharge	-	-	-	-	-
State tax credits	-	6,506	8,331	402,750	19,734
Office fees and collections	471,440	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	484,419	-	-	-	-
Miscellaneous	12	-	-	-	-
Total additions	955,871	169,215	224,854	10,829,442	514,846
Deductions:					
Agency remittances:					
To other funds	209,781	-	-	-	-
To other governments	227,999	169,463	202,239	10,436,759	509,579
Trusts paid out	523,379	-	-	-	-
Total deductions	961,159	169,463	202,239	10,436,759	509,579
Balances end of year	\$ 21,441	170,427	424,255	10,919,812	519,349

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
7,570,091	247,183	466,202	129,924	183,502	20,237,157
7,185,471	232,561	-	-	2,504	18,721,572
-	-	-	196,549	-	196,549
240,193	9,887	-	-	98	687,499
-	-	-	-	-	471,440
-	-	6,093,428	-	-	6,093,428
-	-	-	-	161,040	161,040
-	-	-	-	-	484,419
-	-	-	-	246,436	246,448
7,425,664	242,448	6,093,428	196,549	410,078	27,062,395
-	-	189,143	-	-	398,924
7,411,412	245,831	5,811,116	147,893	350,414	25,512,705
-	-	-	-	-	523,379
7,411,412	245,831	6,000,259	147,893	350,414	26,435,008
7,584,343	243,800	559,371	178,580	243,166	20,864,544

Carroll County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Nine Years

	2010	2009	2008	2007
Revenues:				
Property and other county tax	\$ 6,249,428	6,151,523	5,862,009	5,659,130
Local option sales tax	916,542	945,460	811,247	940,793
Interest and penalty on property tax	32,778	18,935	41,163	36,749
Tax increment financing	35,688	36,999	-	-
Intergovernmental	5,991,574	5,238,692	5,487,048	4,828,731
Licenses and permits	101,193	146,138	124,602	86,241
Charges for service	1,658,603	1,646,789	1,761,086	1,682,553
Use of money and property	260,454	321,974	442,342	400,106
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	874,176	694,645	704,791	682,760
Total	\$ 16,120,436	15,201,155	15,234,288	14,317,063
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,758,548	2,653,229	2,539,995	2,374,712
Physical health and social services	1,132,825	1,039,186	980,801	935,308
Mental health	2,156,469	2,625,463	3,103,527	3,003,054
County environment and education	1,181,604	1,122,372	1,082,863	914,289
Roads and transportation	4,546,295	3,775,781	3,758,266	3,581,795
Governmental services to residents	415,692	464,272	440,751	430,408
Administration	1,323,946	1,277,280	1,215,715	1,194,823
Non-program	148,626	134,675	233,406	218,443
Debt service	90,409	91,002	127,520	193,531
Capital projects	1,267,519	559,096	648,873	824,558
Total	\$ 15,021,933	13,742,356	14,131,717	13,670,921

See accompanying independent auditor's report.

Modified Accrual Basis				
2006	2005	2004	2003	2002
5,408,304	5,096,298	5,129,098	4,996,273	4,830,123
838,355	757,912	262,439	-	-
29,104	28,243	45,758	35,207	36,890
-	-	-	-	-
4,748,882	4,775,821	4,632,453	5,011,828	5,074,363
74,338	55,143	66,889	77,990	75,044
1,479,616	1,421,620	1,298,488	1,233,218	1,248,698
299,785	220,883	184,790	212,256	289,378
-	3,711	-	-	756
905,034	759,629	1,483,180	462,391	360,357
13,783,418	13,119,260	13,103,095	12,029,163	11,915,609
2,325,097	2,090,553	1,991,577	1,978,593	1,920,854
939,587	932,524	1,136,692	1,099,460	1,194,390
2,669,843	2,675,722	2,323,078	2,522,514	2,525,443
842,254	852,196	1,314,236	785,261	701,166
3,407,711	3,584,619	3,946,971	3,096,413	3,679,075
549,691	349,093	349,000	384,115	345,484
1,188,092	1,116,364	1,081,846	1,032,052	921,885
153,139	108,309	351,681	273,593	156,320
271,719	276,627	37,744	525,732	118,698
770,111	1,265,004	1,719,057	1,147,195	790,600
13,117,244	13,251,011	14,251,882	12,844,928	12,353,915

Carroll County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
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		<u>11,264</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	05-WS-016	10,330
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-CF-002-05	<u>58,228</u>
			<u>68,558</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
ARRA - Highway Planning and Construction	20.205	ESL-C014(126)--7S-14	<u>454,998</u>
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	S397A090016A	<u>28,907</u>
U.S. Department of Health and Human Services:			
Iowa Department on Aging:			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044		<u>13,300</u>
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069		<u>49,492</u>
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		<u>12,974</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>5,840</u>
Refugee and Entrant Assistance_State Administered Programs	93.566		<u>32</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,972</u>
Foster Care Title IV-E	93.658		<u>6,185</u>
Adoption Assistance	93.659		<u>1,511</u>
Children's Health Insurance Program	93.767		<u>72</u>
Medical Assistance Program	93.778		<u>12,935</u>
Social Services Block Grant	93.667		<u>6,028</u>
Social Services Block Grant	93.667		<u>72,484</u>
			<u>78,512</u>

Carroll County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
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	FEMA 1763 DR IA	2,279
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1877 DR IA	5,430
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1880 DR IA	42,460
			<u>50,169</u>
Emergency Management Performance Grants	97.042		<u>24,966</u>
Homeland Security Grant Program	97.067		<u>65,437</u>
Total			<u>\$ 888,124</u>

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

See accompanying independent auditor's report.

Carroll County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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David A. Vaudt, CPA
Auditor of State

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

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 24, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Carroll County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-10 through II-H-10 to be significant deficiencies.

Compliance and Other Matters

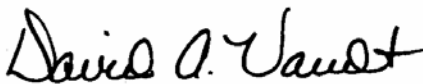
As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 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.

Carroll County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Carroll County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carroll County and other parties to whom Carroll County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Carroll County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 24, 2011

**Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

Carroll County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Officials of Carroll County:

Compliance

We have audited Carroll County, Iowa's compliance, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Carroll County's major federal program for the year ended June 30, 2010. Carroll County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Carroll County's management. Our responsibility is to express an opinion on Carroll County's compliance based on our audit.

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

In our opinion, Carroll County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Carroll County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Carroll County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Carroll County's internal control over compliance.

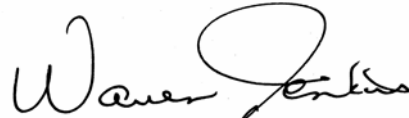
A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carroll County and other parties to whom Carroll County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 24, 2011

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no 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 program was CFDA Number 20.205 – ARRA – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Carroll County did not qualify as a low-risk auditee.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset additions and deletions not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital asset additions and deletions are identified and included in the County’s financial statements.

Response – The County will have at least two employees review accrued expenditures and revenues as well as the capital asset additions and deletions to ensure complete and accurate accounting records.

Conclusion – Response accepted.

II-B-10 Carroll County Ambulance Department – The Ambulance Department bills for services provided. Collections for those services are remitted directly to the County Treasurer’s Office. The County Treasurer’s Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. The Ambulance Department does not reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month.

Recommendation – The Ambulance Department should reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month. Also, the Ambulance Department should request a month end cut-off report of collections from the County Treasurer to identify collections not posted to the Ambulance Department’s accounts receivable computer software which will be included as a reconciling item. In addition, the Ambulance Department should document a reconciling item for Medicare and Medicaid revenues and electronic funds transfers which are posted as collected on the Ambulance Department’s accounts receivable computer software but are not included as collections by the County Treasurer.

Response – The Ambulance Department will make a variance report of items (the private payee payments and the Medicare payments) which do not match the Treasurer’s report. The report will then be attached with the monthly balancing report.

Conclusion – Response acknowledged. However, the Ambulance Department should reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

- II-C-10 Information Systems – Passwords are not periodically changed every 60 to 90 days. The County’s software does not require the user to periodically change log-ins/passwords.

Recommendation – The County should develop written policies to improve the County’s control over computer based systems.

Response – Passwords will be changed more frequently in the next fiscal year.

Conclusion – Response acknowledged. The County should also consider developing a written policy to address password logins.

- II-D-10 Board of Health – One individual has custody of receipts and performs all record keeping duties.

Accurate accounts receivable listings were not prepared and retained at month end. Also, amounts billed for Medicare, Medicaid and other reimbursements were not reconciled to collections and accounts receivable.

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

The accounts receivable listing should be accurately prepared monthly and retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly.

Response – The office will do what we can with the limited number of employees. Also, the office will record on the listing of the accounts receivable billings the amount collected.

Conclusion – Response acknowledged. A list of unpaid billings should be prepared at the end of the month. Also, a reconciliation of billings, collections and accounts receivable should be prepared monthly.

- II-E-10 County Sheriff – One individual in the Sheriff’s Office collects cash, prepares the deposit and prepares the monthly bank reconciliations. Also, one individual in the Sheriff’s Office collects, records, deposits and reconciles the Commissary account.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Sheriff’s Office should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The Sheriff’s Department will cross train current staff or hire a part-time person to help segregate key duties.

Conclusion – Response accepted.

- II-F-10 Jail Commissary – Jail commissary profits were used to purchase non-commissary type items, such as equipment.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – All non-commissary expenditures should be paid by claims approved by the Board of Supervisors and should be reflected in the County's accounting system, County budget and annual financial statements.

Response – It is the Sheriff Department's position tax payer dollars should not be used to purchase equipment for use by prisoners. Profits from the sale of commissary items are remitted to the County Treasurer regularly with some of the profits being used for the jail and some of the items used for the prisoners.

Conclusion – Response acknowledged. All profits from the commissary should be deposited with the County Treasurer. All non-commissary expenditures should be included in the Sheriff Department's budget and be paid for by claims approved by the Board of Supervisor.

- II-G-10 County Recorder – One individual in the Recorder's Office collects cash, prepares the deposit and prepares the monthly bank reconciliations.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Recorder's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The Recorder's Office is a two full time person and one part time clerk office. The Recorder, Deputy and part time clerk cross check deposits, monthly bank statements along with daily spreadsheets.

Conclusion – Response acknowledged. However, duties should be segregated to the extent possible under the circumstances.

- II-H-10 County Conservation Board – The Conservation Board began work on the Sauk Trail project during fiscal year 2010 with Federal, State and local monies funding the project. Federal and State monies were processed as part of the County budgeting process and the local donations collected were held outside of the County in a separate bank account. The local donations were being used as intended to pay for costs associated with the project. However, as a result of the monies being held outside the County, the expenditures were not being properly included as part of the total project costs and were not being properly capitalized by the County.

Recommendation – The County Conservation Board should deposit the local donations into the Sauk Trail Project Capital Projects Fund for the trail project. Also, the Conservation Board should notify the County Auditor when any capital purchases or improvements are made with funds held outside of the County budgeting process.

Response – In the future, the Board will not use a separate bank account for capital projects such as trail paving. Any local funds collected will instead be deposited into a capital account within the County budget. The Board will also work closer with the County Auditor to be sure such assets are properly capitalized.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted.

IV-B-10 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-10 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Sarah Nielsen, Emergency Management Director, wife of Craig Nielsen	Sanitation labor and mileage	\$3,085
Kourtney Irlbeck, Auditor’s Office Clerk, wife of owner of S.I. Auto Body	Ambulance repair, per bid	2,511
Emily Loew, County Treasurer’s Office, wife of co-owner of MJ Loew Floor Covering	Vinyl flooring in DHS office	1,332
Mark Ohde, Conservation Director, husband of Allison Ohde, co-owner of funeral home	Funeral	1,000
Peggy Weitzl, County Treasurer, wife of owner of Weitzl Tiling	Road bores	764
Alan Brinks, Secondary Roads employee, independent contractor	Mowing	440
Dan Heiman, part time conservation employee, Heiman business owner	Hydraulic cylinder work, bales of straw	110

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Craig Nielsen may represent a conflict of interest since total transactions exceeded \$1,500 during the year and transactions were not competitively bid.

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with MJ Loew Floor Covering, the funeral home, Weitzl Tiling, Alan Brinks and Dan Heiman do not appear to represent conflicts of interest since total transactions with each were less than \$1,500 during the year. The transactions with S.I. Auto Body do not appear to represent a conflict of interest since transactions were competitively bid.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – Craig Nielsen was employed as contract labor by a department his wife has no connection to, and so we do not believe this is a conflict of interest.

Conclusion – Response acknowledged. The County should consult legal counsel regarding the transactions with Craig Nielsen. In addition, the County should continue to monitor transactions with related parties and should receive competitive bids for transactions exceeding \$1,500 during the fiscal year.

IV-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-10 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-10 Contracts – Chapter 331.301(2) of the Code of Iowa provides “A power of a county is vested in the board, and a duty of a county shall be performed by or under the direction of the board, except as otherwise provided by law.” In accordance with Chapter 331.302(1) of the Code of Iowa, a Board of Supervisors can exercise its power “only by the passage of a motion, a resolution, an amendment, or an ordinance.” Certain contracts were entered into by the County Conservation Director although the contracts had not been formally approved by the Board of Supervisors. Chapter 350.4 of the Code of Iowa establishes the powers and duties of the County Conservation Board, but does not grant the Conservation Board the authority to enter into construction contracts.

Recommendation – The County should develop policies to require contracts be formally ratified by the Board of Supervisors.

Response – We will work more closely with department heads to ensure contracts are brought to the Board of Supervisors for approval.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-J-10 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.

IV-K-10 County Extension Office Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a standpoint, are not performed by the same employee. This segregation of duties help to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the County Extension Office may have control over collecting, depositing and reconciling receipts. Bank reconciliations are not prepared by an independent person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – The office will continue to segregate duties as best as possible with the limited number of employees in the office.

Conclusion – Response accepted.

Carroll County

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Donald J. Lewis, CPA, Senior Auditor
Keith C. Kistenmacher, Staff Auditor
Daniel W. Henaman, Staff Auditor
Laura E. Grinnell, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State