



**OFFICE OF AUDITOR OF STATE**  
STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

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Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

March 14, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Des Moines County, Iowa.

The County had local tax revenue of \$52,499,658 for the year ended June 30, 2010, which included \$1,739,883 in tax credits from the state. The County forwarded \$39,901,023 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,598,635 of the local tax revenue to finance County operations, a 13.3 percent increase over the prior year. Other revenues included charges for service of \$1,661,929, operating grants, contributions and restricted interest of \$8,611,323, capital grants, contributions and restricted interest of \$4,576,958, local option sales tax of \$1,610,998, unrestricted investment earnings of \$135,013 and other general revenues of \$543,417.

Expenses for County operations totaled \$24,931,932, a 10.7 percent increase over the prior year. Expenses included \$6,132,069 for public safety and legal services, \$5,890,538 for roads and transportation and \$4,263,692 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/1010-0029-B00F.pdf>.

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**DES MOINES COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2010**

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**Des Moines County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jeff Heland	Board of Supervisors	Jan 2011
Robert Beck	Board of Supervisors	Jan 2013
Dan Cahill	Board of Supervisors	Jan 2013
Carol S. Copeland	County Auditor	Jan 2013
Brenda A. Buck	County Treasurer	Jan 2011
Kathryn S. Waterhouse	County Recorder	Jan 2011
Mike Johnstone	County Sheriff	Jan 2013
Patrick C. Jackson	County Attorney	Jan 2011
Michael Anderson	County Assessor	Jan 2016

**Des Moines County**



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Telephone (515) 281-5834 Facsimile (515) 242-6134

## Independent Auditor's Report

To the Officials of Des Moines County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Des Moines 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 Des Moines 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, each major fund and the aggregate remaining fund information of Des Moines County at June 30, 2010, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

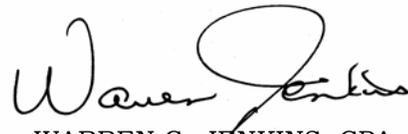
In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2011 on our consideration of Des Moines County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 7 through 13 and 42 through 45 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 Des Moines 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 year ended June 30, 2009 and the five years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the three years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 22, 2011

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of Des Moines County provides this Management's Discussion and Analysis of Des Moines County's financial statements. This narrative overview and analysis of the financial activities of Des Moines County 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 25%, or approximately \$5,853,000, from fiscal year 2009 to fiscal year 2010. Property tax increased approximately \$1,458,000, operating grants, contributions and restricted interest increased approximately \$1,710,000 and capital grants, contributions and restricted interest increased approximately \$2,588,000.
- Program expenses of the County's governmental activities were 11%, or approximately \$2,406,000, more in fiscal year 2010 than in fiscal year 2009.
- The County's net assets increased 14%, or approximately \$4,806,000, 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 Des Moines 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 Des Moines 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 Des Moines 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 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 nonprogram activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has two 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) 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. Des Moines County's combined net assets increased from approximately \$33.3 million to approximately \$38.1 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2010	2009
Current and other assets	\$ 22,764,501	22,639,352
Capital assets	33,182,448	28,929,725
Total assets	<u>55,946,949</u>	<u>51,569,077</u>
Long-term liabilities	4,069,739	4,516,883
Other liabilities	13,734,503	13,715,828
Total liabilities	<u>17,804,242</u>	<u>18,232,711</u>
Net assets:		
Invested in capital assets	32,881,448	28,535,325
Restricted	4,643,879	4,331,077
Unrestricted	617,380	469,964
Total net assets	<u>\$ 38,142,707</u>	<u>33,336,366</u>

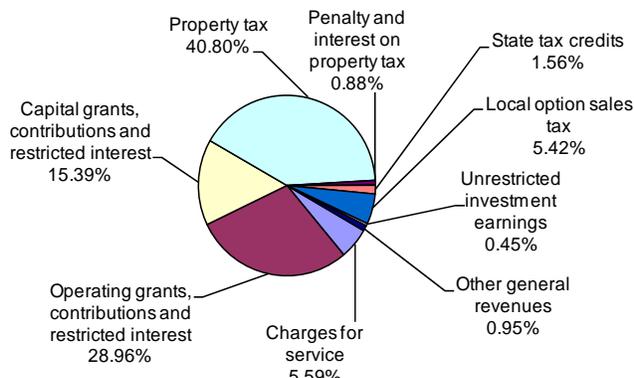
Net assets of Des Moines County's governmental activities increased approximately \$4.8 million (\$33.3 million compared to \$38.1 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent 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—increased from \$469,964 at June 30, 2009 to \$617,380 at the end of this year. This increase of \$147,416 in unrestricted net assets was mainly a result of an increase in the General Fund unreserved balance.

Des Moines County's governmental activities net assets increased \$4,806,341 during the year. Revenues for governmental activities increased \$5,852,828 over the prior year, with property tax revenue increasing \$1,458,478, or 14%. The increase is due to the County increasing the general basic levy from \$3.50000 per \$1,000 of taxable valuation in fiscal year 2009 to \$4.25000 per \$1,000 of taxable valuation in fiscal year 2010. Operating grants, contributions and restricted interest increased \$1,709,524, primarily due to FEMA revenues, and capital grants, contributions and restricted interest increased \$2,588,381, primarily due to capital assets contributed by the Iowa Department of Transportation (IDOT).

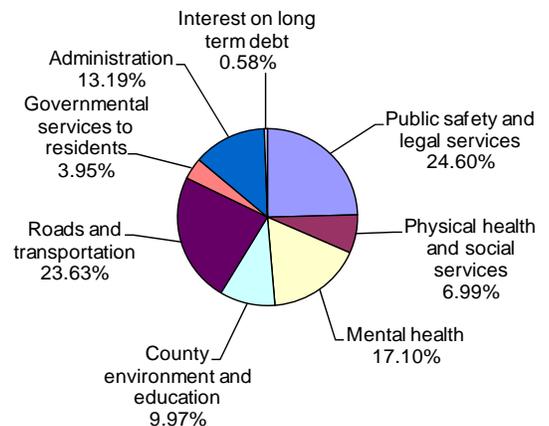
**Changes in Net Assets of Governmental Activities**

	Year ended June 30,	
	2010	2009
Revenues:		
Program revenues:		
Charges for service	\$ 1,661,929	1,787,358
Operating grants, contributions and restricted interest	8,611,323	6,901,799
Capital grants, contributions and restricted interest	4,576,958	1,988,577
General revenues:		
Property tax	12,133,695	10,675,217
Penalty and interest on property tax	261,539	48,364
State tax credits	464,940	443,996
Local option sales tax	1,610,998	1,555,525
Unrestricted investment earnings	135,013	226,230
Other general revenues	281,878	258,379
Total revenues	<u>29,738,273</u>	<u>23,885,445</u>
Program expenses:		
Public safety and legal services	6,132,069	5,792,349
Physical health and social services	1,743,308	2,277,723
Mental health	4,263,692	4,056,119
County environment and education	2,486,458	1,110,745
Roads and transportation	5,890,538	4,961,624
Governmental services to residents	983,904	932,216
Administration	3,288,151	3,261,871
Interest on long term debt	143,812	133,217
Total expenses	<u>24,931,932</u>	<u>22,525,864</u>
Change in net assets	4,806,341	1,359,581
Net assets beginning of year	33,336,366	31,976,785
Net assets end of year	<u>\$ 38,142,707</u>	<u>33,336,366</u>

**Revenues by Source**



**Expenses by Function**



The County increased countywide property tax rates for fiscal year 2010 an average of 7%. The countywide taxable valuation increased 4.5% while the rural taxable valuation increased 4.9%. The combination increased the County's property tax revenue \$1,458,478 in fiscal year 2010. Based on increases in the total assessed valuation and tax rates, property tax revenue is budgeted to increase an additional \$447,395 next year.

The cost of all governmental activities this year was approximately \$24.9 million, compared to approximately \$22.5 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$10.1 million because some of the cost was paid by those directly benefited from the programs (\$1,661,929) or by other governments and organizations which subsidized certain programs with grants and contributions (\$13,188,281). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for services, increased in fiscal year 2010 from \$10,677,734 to \$14,850,210, principally due to capital contributions from the IDOT and FEMA revenues. The County paid for the remaining "public benefit" portion of governmental activities with \$14,888,063 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 Des Moines County completed the year, its governmental funds reported a combined fund balance of approximately \$8.4 million, a decrease of \$363,568 from last year. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$858,339, or 7%, while expenditures increased \$367,641, or 3%. The ending fund balance decreased \$303,639 from the prior year to \$1,565,692.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$4,146,119, an increase of 5% over the prior year. The Mental Health Fund balance decreased \$363,981 from the prior year to \$766,397.
- The Rural Services Fund balance decreased \$149,183 from the prior year, primarily due to an increase in transfers out of \$75,466.
- Secondary Roads Fund revenues increased \$896,830, or 23%, over the prior year while expenditures increased \$1,126,137, or 24%, over the prior year. The increases are primarily due to FEMA revenues and expenditures for capital projects. The Secondary Roads Fund balance increased \$631,263 over the prior year to \$3,368,792.
- Debt Service Fund revenues increased \$87,593 over the prior year while expenditures increased \$101,901 over the prior year. Revenues increased due to an increase in the levy to pay interest and principal on the 2009 capital loan notes. The Debt Service Fund balance decreased \$279,078 from the prior year to \$2,286,654.
- There were no significant changes in revenues, expenditures and the fund balance of the Capital Projects Fund.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Des Moines County amended its budget three times. The amendments were made on December 1, 2009, April 13, 2010, and June 22, 2010 and increased receipts \$3,236,325 for grants and increased disbursements \$4,435,111, primarily for flood expenses.

The County's receipts were \$3,726,629 less than budgeted, a variance of 13%. The most significant variance was in intergovernmental receipts budgeted for conservation projects which were not completed during fiscal year 2010.

Total disbursements were \$6,516,636 less than the amended budget. Actual disbursements for the physical health and social services, mental health, county environment and education and capital projects functions were \$979,806, \$845,964, \$1,124,610 and \$2,766,976, respectively, less than budgeted. The difference for physical health and social services is due to the County no longer serving as the fiscal agent for the bioterrorism grant. The mental health difference is due to spending cuts occurring after the budget was finalized. The county environment and education difference is due to projects not completed as expected and the difference in capital projects is primarily due to delays in FEMA demolition projects.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2010, Des Moines County had approximately \$33.2 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$4,252,000, or 15%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2010	2009
Land	\$ 4,498	4,498
Construction in progress	1,564	3,277
Buildings	4,617	4,578
Improvements other than buildings	1,032	129
Equipment and vehicles	2,511	2,553
Intangibles	153	-
Infrastructure	18,807	13,895
Total	\$ 33,182	28,930
This year's major additions included (in thousands):		
Vehicles		
Capital assets contributed by the Iowa Department of Transportation	\$	4,240
Secondary roads infrastructure projects		913
Bike trail project		83
Secondary roads equipment		322
Server		102
Courthouse remodel 4th floor		127
Total	\$	5,787

The County had depreciation/amortization expense of \$1,939,175 in fiscal year 2010 and total accumulated depreciation/amortization of \$26,527,055 at June 30, 2010. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

## **Long-Term Debt**

Des Moines County had \$3,390,000 in general obligation capital loan notes outstanding at June 30, 2010 compared to \$3,925,000 at the end of the prior year.

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. Des Moines County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$107.1 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Des Moines County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 8.1% versus 7.5% a year ago. This compares with the State's unemployment rate of 6.7% and the national rate of 9.5%.

These indicators were taken into account when adopting the budget for fiscal year 2011. Amounts available for appropriation in the operating budget are approximately \$30.8 million, a decrease of 5.5% from the fiscal year 2010 final budget.

Budgeted revenues are expected to decrease approximately \$2.3 million while budgeted disbursements are expected to decrease approximately \$2.9 million.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$2.4 million 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 Des Moines 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 Des Moines County Auditor's Office, 513 N. Main Street, Burlington, Iowa 52601.

**Des Moines County**

## **Basic Financial Statements**

**Exhibit A**

Des Moines County  
Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 6,802,013
Receivables:	
Property tax:	
Delinquent	54,709
Succeeding year	12,216,000
Interest and penalty on property tax	160,646
Accounts	44,310
Accrued interest	19,928
Loan	2,275,000
Due from other governments	1,070,145
Inventories	121,750
Capital assets (net of accumulated depreciation)	<u>33,182,448</u>
<b>Total assets</b>	<u>55,946,949</u>
<b>Liabilities</b>	
Accounts payable	704,476
Renters' deposits	1,500
Salaries and benefits payable	297,510
Accrued interest payable	9,965
Due to other governments	505,052
Deferred revenue - succeeding year property tax	12,216,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	555,000
Compensated absences	366,344
Portion due or payable after one year:	
General obligation capital loan notes	2,835,000
Compensated absences	284,451
Net OPEB liability	<u>28,944</u>
<b>Total liabilities</b>	<u>17,804,242</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	32,881,448
Restricted for:	
Supplemental levy purposes	319,579
Mental health purposes	758,977
Secondary roads purposes	3,326,889
Debt service	2,906
Capital projects	19,490
Other purposes	216,038
Unrestricted	<u>617,380</u>
<b>Total net assets</b>	<u>\$ 38,142,707</u>

See notes to financial statements.

Des Moines County  
Statement of Activities  
Year ended June 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 6,132,069	689,259	113,869	-	(5,328,941)
Physical health and social services	1,743,308	228,556	655,214	-	(859,538)
Mental health	4,263,692	46,440	1,994,960	-	(2,222,292)
County environment and education	2,486,458	23,243	1,584,806	234,830	(643,579)
Roads and transportation	5,890,538	21,731	3,944,255	4,322,389	2,397,837
Governmental services to residents	983,904	526,723	11	-	(457,170)
Administration	3,288,151	125,977	215,993	19,739	(2,926,442)
Interest on long term debt	143,812	-	102,215	-	(41,597)
<b>Total</b>	<b>\$ 24,931,932</b>	<b>1,661,929</b>	<b>8,611,323</b>	<b>4,576,958</b>	<b>(10,081,722)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					11,844,664
Debt service					289,031
Penalty and interest on property tax					261,539
State tax credits					464,940
Local option sales tax					1,610,998
Unrestricted investment earnings					135,013
Gain on disposition of capital assets					134,434
Miscellaneous					147,444
<b>Total general revenues</b>					<b>14,888,063</b>
Change in net assets					4,806,341
Net assets beginning of year					33,336,366
Net assets end of year					<b>\$ 38,142,707</b>

See notes to financial statements.

Des Moines County

Balance Sheet  
Governmental Funds

June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 1,737,738	1,364,762	130,418	3,323,826
Receivables:				
Property tax:				
Delinquent	37,793	7,589	8,110	-
Succeeding year	8,698,000	1,687,000	1,540,000	-
Interest and penalty on property tax	160,646	-	-	-
Accounts	34,325	8,575	-	1,410
Accrued interest	19,886	-	-	-
Loan	-	-	-	-
Due from other governments	564,795	58,513	50,733	391,107
Inventories	-	-	-	121,750
<b>Total assets</b>	<b>\$ 11,253,183</b>	<b>3,126,439</b>	<b>1,729,261</b>	<b>3,838,093</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 232,337	168,796	6,737	294,710
Renters' deposits	-	-	-	-
Salaries and benefits payable	205,692	14,158	11,233	66,427
Due to other governments	22,481	482,499	-	-
Deferred revenue:				
Succeeding year property tax	8,698,000	1,687,000	1,540,000	-
Other	528,981	7,589	8,110	108,164
Total liabilities	9,687,491	2,360,042	1,566,080	469,301
Fund balances:				
Reserved for:				
Supplemental levy purposes	358,754	-	-	-
Cemetery levy	342	-	-	-
Long-term loan receivable	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	1,206,596	-	-	-
Special revenue funds	-	766,397	163,181	3,368,792
Capital projects fund	-	-	-	-
Total fund balances	1,565,692	766,397	163,181	3,368,792
<b>Total liabilities and fund balances</b>	<b>\$ 11,253,183</b>	<b>3,126,439</b>	<b>1,729,261</b>	<b>3,838,093</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
11,654	19,490	214,125	6,802,013
1,217	-	-	54,709
291,000	-	-	12,216,000
-	-	-	160,646
-	-	-	44,310
-	-	42	19,928
2,275,000	-	-	2,275,000
-	-	4,997	1,070,145
-	-	-	121,750
2,578,871	19,490	219,164	22,764,501
-	-	1,896	704,476
-	-	1,500	1,500
-	-	-	297,510
-	-	72	505,052
291,000	-	-	12,216,000
1,217	-	-	654,061
292,217	-	3,468	14,378,599
-	-	-	358,754
-	-	-	342
2,275,000	-	-	2,275,000
11,654	-	-	11,654
-	-	-	1,206,596
-	-	215,696	4,514,066
-	19,490	-	19,490
2,286,654	19,490	215,696	8,385,902
2,578,871	19,490	219,164	22,764,501

**Des Moines County**

Des Moines County

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

June 30, 2010

**Total governmental fund balances (page 19)** \$ 8,385,902

***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 \$59,709,503 and the accumulated depreciation is \$26,527,055. 33,182,448

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 654,061

Long-term liabilities, including general obligation capital loan notes 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. (4,079,704)

**Net assets of governmental activities (page 16)** \$ 38,142,707

See notes to financial statements.

Des Moines County

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

Year ended June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 8,559,326	1,674,701	1,581,089	-
Local option sales tax	483,299	-	322,200	805,499
Interest and penalty on property tax	163,033	-	-	-
Intergovernmental	3,329,424	2,060,997	63,912	3,929,565
Licenses and permits	52,166	-	-	6,025
Charges for service	834,953	-	4,562	252
Use of money and property	171,580	337	-	-
Miscellaneous	257,449	46,103	67	18,997
Total revenues	13,851,230	3,782,138	1,971,830	4,760,338
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	\$ 5,664,062	-	276,986	-
Physical health and social services	1,716,480	-	-	-
Mental health	-	4,146,119	-	-
County environment and education	671,482	-	358,191	-
Roads and transportation	-	-	22,638	4,308,728
Governmental services to residents	974,503	-	-	-
Administration	3,352,484	-	49,172	-
Debt service	-	-	-	-
Capital projects	1,565,804	-	-	1,444,427
Total expenditures	13,944,815	4,146,119	706,987	5,753,155
Excess (deficiency) of revenues over (under) expenditures	(93,585)	(363,981)	1,264,843	(992,817)
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	1,624,080
Operating transfers out	(210,054)	-	(1,414,026)	-
Total other financing sources (uses)	(210,054)	-	(1,414,026)	1,624,080
Net change in fund balances	(303,639)	(363,981)	(149,183)	631,263
Fund balances beginning of year	1,869,331	1,130,378	312,364	2,737,529
Fund balances end of year	\$ 1,565,692	766,397	163,181	3,368,792

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
288,245	-	-	12,103,361
-	-	-	1,610,998
-	-	-	163,033
112,841	-	59,950	9,556,689
-	-	-	58,191
-	-	6,574	846,341
-	-	13,799	185,716
-	-	48,161	370,777
401,086	-	128,484	24,895,106
-	-	3,183	5,944,231
-	-	-	1,716,480
-	-	-	4,146,119
-	-	-	1,029,673
-	-	-	4,331,366
-	-	9,401	983,904
-	-	14,850	3,416,506
680,164	-	-	680,164
-	-	-	3,010,231
680,164	-	27,434	25,258,674
(279,078)	-	101,050	(363,568)
-	-	-	1,624,080
-	-	-	(1,624,080)
-	-	-	-
(279,078)	-	101,050	(363,568)
2,565,732	19,490	114,646	8,749,470
2,286,654	19,490	215,696	8,385,902

Des Moines 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 23)** \$ (363,568)

**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/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 1,817,421	
Capital assets contributed by the Iowa Department of Transportation	4,240,043	
Depreciation/amortization expense	<u>(1,939,175)</u>	4,118,289

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 134,434

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	\$ 30,334	
Other	<u>438,356</u>	468,690

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. 535,000

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 governmental funds, as follows:

Compensated absences	(75,806)	
Other postemployment benefits	(12,050)	
Interest on long-term debt	<u>1,352</u>	<u>(86,504)</u>

**Change in net assets of governmental activities (page 17)** \$ 4,806,341

See notes to financial statements.

Des Moines County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 2,973,061
Other County officials	176,822
Drainage and levy district trustees	1,081,739
Receivables:	
Property tax:	
Delinquent	146,051
Succeeding year	38,491,000
Accounts	21,424
Assessments:	
Current	123,210
Future	140,453
Accrued interest	86
Due from other governments	44,460
<b>Total assets</b>	<b>43,198,306</b>

**Liabilities**

Accounts payable	91,727
Salaries and benefits payable	12,554
Loans payable	859,849
Due to other governments	41,972,048
Trusts payable	133,940
Compensated absences	128,188
<b>Total liabilities</b>	<b>43,198,306</b>

**Net Assets**

**\$ -**

See notes to financial statements.

Des Moines County

Notes to Financial Statements

June 30, 2010

**(1) Summary of Significant Accounting Policies**

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

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

The County also participates in the Des Moines County/City of Burlington Health Care Plan (Plan). The Plan was developed as the result of a 28E agreement between Des Moines County and the City of Burlington.

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. 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 the following categories.

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

*Restricted net 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 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 road construction and maintenance.

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

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 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 and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for 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.

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.

Assessments Receivable – Assessments receivable represent amounts assessed to individuals for work done 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. Current assessments receivable represent assessments which are due and payable but have not been collected. Future assessments receivable represent remaining assessments which are payable but not yet due.

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 in the Special Revenue Funds 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, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net 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
Land, buildings and improvements	5,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	20 - 50
Improvements other than buildings	20 - 50
Infrastructure	10 - 65
Intangibles	3 - 20
Equipment	3 - 20
Vehicles	5 - 15

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 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. Accumulated sick leave is paid at 50% upon retirement if the retiree meets IPERS requirements. A liability is recorded when incurred in the government-wide 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

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.

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.

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

At June 30, 2010, the Drainage District Trustees had the following investments:

Type	Fair Value	Maturity (in years)			
		1-5	6-10	11-20	over 20
U.S. Treasury Bonds	\$ 202,575	-	-	202,575	-
U.S. Treasury Notes	218,220	-	218,220	-	-
FNMA	346,276	-	-	-	346,276
FHLMC	154,526	-	-	-	154,526
Total	\$ 921,597	-	218,220	202,575	500,802

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$113,255 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The FNMA and FHLMC investments at June 30, 2010 are rated Aaa by Moody's Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer. More than 5% percent of the Drainage District Trustee's investments are in the Federal National Mortgage Association and in the Federal Home Loan Mortgage Corporation. The Drainage District Trustee's investment in the Federal National Mortgage Association and in the Federal Home Loan Mortgage Corporation is 37.6% and 16.8%, respectively, of the Drainage District Trustee's total investments.

### (3) 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	\$ 210,054
	Special Revenue:	
	Rural Services	1,414,026
Total		<u>\$ 1,624,080</u>

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

### (4) Capital Assets

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

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 4,498,316	-	-	4,498,316
Intangibles, road network	-	141,633	-	141,633
Construction in progress	3,218,732	247,606	3,466,338	-
Construction in progress, road network	58,471	5,153,089	3,647,579	1,563,981
Total capital assets not being depreciated/amortized	<u>7,775,519</u>	<u>5,542,328</u>	<u>7,113,917</u>	<u>6,203,930</u>
<b>Capital assets being depreciated/amortized:</b>				
Buildings	7,099,425	296,926	15,200	7,381,151
Improvements other than buildings	1,227,582	986,493	-	2,214,075
Equipment and vehicles	8,028,567	680,718	389,023	8,320,262
Intangibles, other	106,950	-	-	106,950
Infrastructure, road network	29,314,331	3,647,579	-	32,961,910
Infrastructure, other	319,966	2,201,259	-	2,521,225
Total capital assets being depreciated/amortized	<u>46,096,821</u>	<u>7,812,975</u>	<u>404,223</u>	<u>53,505,573</u>
<b>Less accumulated depreciation/amortization for:</b>				
Buildings	2,521,650	247,883	5,573	2,763,960
Improvements other than buildings	1,120,570	61,924	-	1,182,494
Equipment and vehicles	5,476,106	681,661	349,162	5,808,605
Intangibles, other	84,950	11,000	-	95,950
Infrastructure, road network	15,707,343	886,282	-	16,593,625
Infrastructure, other	31,996	50,425	-	82,421
Total accumulated depreciation/amortization	<u>24,942,615</u>	<u>1,939,175</u>	<u>354,735</u>	<u>26,527,055</u>
Total capital assets being depreciated/amortized, net	<u>21,154,206</u>	<u>5,873,800</u>	<u>49,488</u>	<u>26,978,518</u>
Governmental activities capital assets, net	<u>\$ 28,929,725</u>	<u>11,416,128</u>	<u>7,163,405</u>	<u>33,182,448</u>

Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, was implemented during fiscal year 2010. Computer software totaling \$106,950 was previously reported as improvements other than buildings and equipment and vehicles. Restatement of the beginning net assets and capital assets for governmental activities was not necessary because the assets were being depreciated.

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 217,557
Physical health and social services		15,673
Mental health		117,573
County environment and education		136,096
Roads and transportation		1,320,867
Administration		131,409
		<u>131,409</u>
Total depreciation/amortization expense - governmental activities		<u><u>\$ 1,939,175</u></u>

**(5) 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>\$ 22,481</u>
Special Revenue:		
Mental Health	Services	482,499
Transitional Apartments	Services	72
		<u>482,571</u>
Total for governmental funds		<u><u>\$ 505,052</u></u>
Agency:		
County Assessor	Collections	\$ 1,598,647
Schools		21,378,606
Community Colleges		1,283,347
Corporations		15,627,667
Auto License and Use Tax		740,504
Drainage and Levy Districts		284,122
All other		1,059,155
Total for agency funds		<u><u>\$ 41,972,048</u></u>

**(6) Changes in Long-Term Liabilities**

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

	General Obligation Capital Loan Notes	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 3,925,000	574,989	16,894	4,516,883
Increases	-	509,288	38,905	548,193
Decreases	535,000	433,482	26,855	995,337
Balance end of year	\$ 3,390,000	650,795	28,944	4,069,739
Due within one year	\$ 555,000	366,344	-	921,344

Capital Loan Notes

A summary of the County's June 30, 2010 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	General Obligation Capital Loan Notes					
	Series 2006			Series 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	3.70%	\$ 190,000	7,220	3.85%	\$ 290,000	91,175
2012		-	-	3.90	300,000	80,010
2013		-	-	3.95	310,000	68,310
2014		-	-	4.00	325,000	56,065
2015		-	-	4.05	335,000	43,065
2016-2017		-	-	4.10-4.15	715,000	44,645
Total		\$ 190,000	7,220		\$ 2,275,000	383,270

Year Ending June 30,	General Obligation Capital Loan Notes					
	Series 2009			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	2.50%	\$ 75,000	27,375	\$ 555,000	125,770	680,770
2012	3.00	275,000	25,500	575,000	105,510	680,510
2013	3.00	285,000	17,250	595,000	85,560	680,560
2014	3.00	290,000	8,700	615,000	64,765	679,765
2015		-	-	335,000	43,065	378,065
2016-2017		-	-	715,000	44,645	759,645
Total		\$ 925,000	78,825	\$ 3,390,000	469,315	3,859,315

During the year ended June 30, 2010, the County retired \$535,000 of general obligation capital loan notes.

The Des Moines County Regional Solid Waste Commission has agreed to pay the County for the principal and interest on the Series 2007 capital loan notes as they become due. The County reports a loan receivable in the Debt Service Fund equal to the principal outstanding on these general obligation capital loan notes.

### Drainage and Levee District Loan Agreements

During the year ended June 30, 2010, the Board of Trustees of four drainage and levee districts (Districts 4, 7, 8 and 16) entered into loan agreements with Mediapolis Savings Bank to borrow funds to finance flood repairs and improvements. The agreements allowed the districts to receive multiple advances on the loans through an established line of credit. The loans carry a variable interest rate of not less than 2.875% or more than 6% due at loan maturity (November 2011). The interest rate changes on the first of each month and is equal to 0.375% below the prime rate (2.875% at June 30, 2010).

During the year ended June 30, 2010, District 4 entered into an additional loan agreement with Mediapolis Savings Bank for \$400,000. The interest rate is calculated the same as the line of credit agreements, but is payable semi-annually along with \$10,000 principal payments beginning on October 15, 2009 and continuing until April 15, 2029. During the year ended June 30, 2010, District 4 paid \$20,000 of principal and \$6,757 of interest.

The authorized loan amounts, maturity dates and the loan balances at June 30, 2010 for each loan agreement are as follows:

District	Authorized Loan Amount	Maturity Date	Balance end of Year
4	\$ 1,100,000	Nov 15, 2011	\$ 104,886
4	400,000	Apr 15, 2029	400,000
7	500,000	Nov 15, 2011	-
8	500,000	Nov 15, 2011	-
16	1,000,000	Nov 15, 2011	354,963
Total	<u>\$ 3,500,000</u>		<u>\$ 859,849</u>

### **(7) 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 \$548,921, \$508,158 and \$474,576, respectively, equal to the required contributions for each year.

### **(8) Other Postemployment Benefits (OPEB)**

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 174 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits, which is a partially self-funded medical plan, is administered by Employee Benefits Systems. The dental benefit is administered by Delta Dental of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefit 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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 39,248
Interest on net OPEB obligation	507
Adjustment to annual required contribution	<u>(850)</u>
Annual OPEB cost	38,905
Contributions made	<u>(26,855)</u>
Increase in net OPEB obligation	12,050
Net OPEB obligation beginning of year	<u>16,894</u>
Net OPEB obligation end of year	<u>\$ 28,944</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 \$26,855 to the medical plan. Plan members eligible for benefits contributed \$70,284, or 72% 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	\$ 38,905	69%	\$ 28,944

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 \$395,572, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$395,572. The covered payroll of active employees covered by the plan was approximately \$7.7 million and the ratio of the UAAL to covered payroll was 5.1%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Termination rates used in the actuarial valuation are based upon national termination studies performed by the Society of Actuaries. They were adjusted to reflect the recent lower termination rates experienced by Des Moines County. Retirement rates used in the actuarial valuation were developed based upon recent Des Moines County experience.

Projected claim costs of the medical plan are \$461 per month for retirees less than age 65. The UAAL is amortized as a level dollar amount over 30 years.

## **(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 \$234,481.

The Pool 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 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) Employee Health Insurance Plan**

The County, in conjunction with the City of Burlington, the Southeast Iowa Regional Airport Authority (SIRAA) and other organizations, entered into an agreement as authorized by Chapter 28E of the Code of Iowa for health insurance which is funded through employer and employee contributions. The County, the City, SIRRA and the other participating organizations are contingently liable with respect to medical claims made by the participants in the plan. The plan is partially self insured. Claims based on occurrences prior to July 1, 1983 remain insured under previous insurance policies. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The unaudited cash balance of the Des Moines County/City of Burlington Health Care Plan was \$671,840 at June 30, 2010. The plan had unaudited claims expense, after reinsurance reimbursement, of \$5,265,293 for the plan year ended June 30, 2010. The plan had an unaudited reserve for incurred but unpaid claims of \$118,013 at June 30, 2010.

**(11) Pending Litigation**

The County is named in a lawsuit for which the probability and amount of loss, if any, is undeterminable.

**(12) Industrial Development Revenue Bonds**

The County has issued a total of \$1,000,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

**Required Supplementary Information**

Des Moines 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	Budgeted Amounts		Final to
		Original	Final	Actual Variance
<b>Receipts:</b>				
Property and other county tax	\$ 13,693,641	13,874,383	13,874,383	(180,742)
Interest and penalty on property tax	163,033	129,900	129,900	33,133
Intergovernmental	9,383,984	9,638,881	12,875,206	(3,491,222)
Licenses and permits	57,872	41,140	41,140	16,732
Charges for service	850,266	899,015	899,015	(48,749)
Use of money and property	181,712	269,518	269,518	(87,806)
Miscellaneous	398,861	366,836	366,836	32,025
Total receipts	24,729,369	25,219,673	28,455,998	(3,726,629)
<b>Disbursements:</b>				
Public safety and legal services	5,969,759	6,177,634	6,320,170	350,411
Physical health and social services	1,739,582	2,719,388	2,719,388	979,806
Mental health	3,876,453	4,722,417	4,722,417	845,964
County environment and education	1,126,855	2,226,465	2,251,465	1,124,610
Roads and transportation	4,254,601	4,218,376	4,463,376	208,775
Governmental services to residents	991,359	1,028,225	1,028,225	36,866
Administration	3,381,956	3,244,193	3,584,693	202,737
Debt service	680,265	680,756	680,756	491
Capital projects	2,945,099	2,030,000	5,712,075	2,766,976
Total disbursements	24,965,929	27,047,454	31,482,565	6,516,636
Excess (deficiency) of receipts over (under) disbursements	(236,560)	(1,827,781)	(3,026,567)	2,790,007
Balance beginning of year	7,038,573	4,166,851	4,166,851	2,871,722
Balance end of year	\$ 6,802,013	2,339,070	1,140,284	5,661,729

See accompanying independent auditor's report.

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Des Moines County

Budgetary Comparison Schedule – Budget to GAPP Reconciliation

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 24,729,369	165,737	24,895,106
Expenditures	24,965,929	292,745	25,258,674
Net	(236,560)	(127,008)	(363,568)
Other financing sources, net	-	-	-
Beginning fund balances, as restated	7,038,573	1,710,897	8,749,470
Ending fund balances	\$ 6,802,013	1,583,889	8,385,902

See accompanying independent auditor's report.

Des Moines 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 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 or fund type. 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, nonprogram, 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 \$4,435,111. 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.

Des Moines 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	Jul 1, 2008	-	\$ 396	396	0.00%	\$ 7,500	5.3%
2010	Jul 1, 2008	-	396	396	0.00%	7,700	5.1%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Des Moines County**

**Other Supplementary Information**

Des Moines County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2010

			Special
	County Recorder's Records Management	Resource Enhance- ment and Protection	Transitional Apartments
<b>Assets</b>			
Cash and pooled investments	\$ 7,245	151,589	11,938
Accrued interest receivable	-	42	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 7,245</b>	<b>151,631</b>	<b>11,938</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 493	-	1,403
Renters' deposits	-	-	1,500
Due to other governments	-	-	72
Total liabilities	493	-	2,975
Fund equity:			
Unreserved fund balances	6,752	151,631	8,963
<b>Total liabilities and fund equity</b>	<b>\$ 7,245</b>	<b>151,631</b>	<b>11,938</b>

See accompanying independent auditor's report.

Revenue			
Attorney Collection Incentive	Special Duty Reserve Unit	Conservation Reserve	Total
22,230	6,760	14,363	214,125
-	-	-	42
4,997	-	-	4,997
27,227	6,760	14,363	219,164
-	-	-	1,896
-	-	-	1,500
-	-	-	72
-	-	-	3,468
27,227	6,760	14,363	215,696
27,227	6,760	14,363	219,164

Des Moines County

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

Year ended June 30, 2010

	County	Resource	Special
	Recorder's Records Management	Enhance- ment and Protection	Transitional Apartments
Revenues:			
Intergovernmental	\$ -	59,950	-
Charges for service	6,574	-	-
Use of money and property	11	413	13,375
Miscellaneous	-	26,609	-
Total revenues	6,585	86,972	13,375
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Governmental services to residents	9,401	-	-
Administration	-	-	14,850
Total expenditures	9,401	-	14,850
Excess (deficiency) of revenues over (under) expenditures	(2,816)	86,972	(1,475)
Fund balances beginning of year	9,568	64,659	10,438
Fund balances end of year	\$ 6,752	151,631	8,963

See accompanying independent auditor's report.

Revenue				
Attorney Collection Incentive	Special Duty Reserve Unit	Conservation Reserve		Total
-	-	-	-	59,950
-	-	-	-	6,574
-	-	-	-	13,799
17,902	3,650	-	-	48,161
17,902	3,650	-	-	128,484
2,978	205	-	-	3,183
-	-	-	-	9,401
-	-	-	-	14,850
2,978	205	-	-	27,434
14,924	3,445	-	-	101,050
12,303	3,315	14,363	-	114,646
27,227	6,760	14,363	-	215,696

Des Moines County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	4,225	1,184,811	363,350	22,906
Other County officials	176,822	-	-	-	-
Drainage and levy district trustees	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,009	2,387	88,256	5,441
Succeeding year	-	231,000	534,000	20,927,000	1,255,000
Accounts	-	-	-	-	-
Assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 176,822</b>	<b>236,234</b>	<b>1,721,198</b>	<b>21,378,606</b>	<b>1,283,347</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	1,638	-	-
Salaries and benefits payable	-	-	9,478	-	-
Loans payable	-	-	-	-	-
Due to other governments	42,882	236,234	1,598,647	21,378,606	1,283,347
Trusts payable	133,940	-	-	-	-
Compensated absences	-	-	111,435	-	-
<b>Total liabilities</b>	<b>\$ 176,822</b>	<b>236,234</b>	<b>1,721,198</b>	<b>21,378,606</b>	<b>1,283,347</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage and Levee Districts	Other	Total
299,290	2,322	8,317	740,504	140,963	206,373	2,973,061
-	-	-	-	-	-	176,822
-	-	-	-	1,081,739	-	1,081,739
47,377	1,565	-	-	-	16	146,051
15,281,000	255,000	-	-	-	8,000	38,491,000
-	-	-	-	-	21,424	21,424
-	-	117,982	-	5,228	-	123,210
-	-	140,453	-	-	-	140,453
-	-	-	-	-	86	86
-	-	-	-	3,081	41,379	44,460
15,627,667	258,887	266,752	740,504	1,231,011	277,278	43,198,306
-	-	-	-	87,040	3,049	91,727
-	-	-	-	-	3,076	12,554
-	-	-	-	859,849	-	859,849
15,627,667	258,887	266,752	740,504	284,122	254,400	41,972,048
-	-	-	-	-	-	133,940
-	-	-	-	-	16,753	128,188
15,627,667	258,887	266,752	740,504	1,231,011	277,278	43,198,306

Des Moines 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	Corpora- tions
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 154,510	224,514	1,643,353	19,263,052	1,233,479	14,742,816
Additions:						
Property and other county tax	-	233,220	569,103	21,156,507	1,266,567	15,127,741
E911 surcharge	-	-	-	-	-	-
State tax credits	-	8,782	20,770	738,448	47,390	449,659
Office fees and collections	718,151	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,459,946	-	-	-	-	-
Miscellaneous	92,589	-	873	14,600	-	-
Total additions	2,270,686	242,002	590,746	21,909,555	1,313,957	15,577,400
Deductions:						
Agency remittances:						
To other funds	477,329	-	-	-	-	-
To other governments	310,111	230,282	512,901	19,794,001	1,264,089	14,692,549
Trusts paid out	1,460,934	-	-	-	-	-
Total deductions	2,248,374	230,282	512,901	19,794,001	1,264,089	14,692,549
Balances end of year	\$ 176,822	236,234	1,721,198	21,378,606	1,283,347	15,627,667

See accompanying independent auditor's report.

Townships	City Special Assessments	Auto License and Use Tax	Drainage and Levee Districts	Other	Total
251,812	158,466	746,024	1,741,522	251,561	40,411,109
269,336	-	-	-	3,606	38,626,080
-	-	-	-	138,688	138,688
9,752	-	-	-	142	1,274,943
-	-	-	-	-	718,151
-	-	8,492,102	-	-	8,492,102
-	139,975	-	630,570	-	770,545
-	-	-	-	1,462,379	2,922,325
-	-	-	2,129,295	220,849	2,458,206
279,088	139,975	8,492,102	2,759,865	1,825,664	55,401,040
-	-	289,039	-	-	766,368
272,013	31,689	8,208,583	3,270,376	342,023	48,928,617
-	-	-	-	1,457,924	2,918,858
272,013	31,689	8,497,622	3,270,376	1,799,947	52,613,843
258,887	266,752	740,504	1,231,011	277,278	43,198,306

Des Moines County

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

For the Last Ten Years

	2010	2009	2008	Modified 2007
<b>Revenues:</b>				
Property and other county tax	\$ 12,103,361	10,703,363	10,449,339	10,336,903
Local option sales tax	1,610,998	1,555,525	1,715,660	1,628,126
Interest and penalty on property tax	163,033	139,080	155,192	146,154
Intergovernmental	9,556,689	8,878,429	7,437,076	8,985,811
Licenses and permits	58,191	49,801	46,595	46,448
Charges for service	846,341	839,550	889,796	878,146
Use of money and property	185,716	246,963	562,031	727,814
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	370,777	771,771	555,803	526,168
<b>Total</b>	<b>\$ 24,895,106</b>	<b>23,184,482</b>	<b>21,811,492</b>	<b>23,275,570</b>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	\$ 5,944,231	5,587,657	6,132,958	5,119,567
Physical health and social services	1,716,480	2,249,501	2,722,094	2,193,961
Mental health	4,146,119	3,964,269	4,331,182	3,692,161
County environment and education	1,029,673	1,293,605	1,505,475	1,714,377
Roads and transportation	4,331,366	4,312,514	4,212,851	3,026,353
Governmental services to residents	983,904	931,875	867,939	702,324
Administration	3,416,506	3,132,367	3,360,284	4,335,439
Debt service	680,164	578,263	523,361	198,327
Capital projects	3,010,231	1,445,472	1,273,863	1,820,955
<b>Total</b>	<b>\$ 25,258,674</b>	<b>23,495,523</b>	<b>24,930,007</b>	<b>22,803,464</b>

See accompanying independent auditor's report.

Accrual Basis					
2006	2005	2004	2003	2002	2001
10,769,297	10,642,839	9,198,165	9,125,951	8,645,729	8,232,601
1,342,717	1,363,326	1,365,240	1,325,959	1,374,052	1,346,248
130,631	115,554	182,952	138,048	155,753	114,588
8,508,380	8,913,042	7,763,991	8,602,070	7,187,135	7,172,472
42,840	43,784	43,085	45,752	53,179	50,965
972,357	827,429	892,684	894,786	810,172	739,354
527,215	235,286	144,012	274,253	333,748	647,901
-	-	-	-	42,151	63,318
598,159	370,840	422,175	183,765	401,953	261,354
22,891,596	22,512,100	20,012,304	20,590,584	19,003,872	18,628,801
4,705,552	4,681,993	4,584,761	4,223,090	4,058,761	3,998,964
2,067,305	2,161,440	2,137,665	1,766,379	1,290,461	1,465,037
3,629,867	3,200,582	3,334,802	3,786,227	3,801,057	3,856,755
1,015,426	975,386	852,565	903,868	1,146,965	1,164,678
4,334,384	3,339,170	3,235,696	3,903,168	3,326,754	4,306,066
909,301	682,478	597,698	639,331	561,856	686,634
4,678,468	3,621,634	3,587,116	4,212,616	3,239,655	3,292,463
140,324	16,871	-	-	-	-
1,074,528	2,948,601	1,379,729	1,778,899	685,809	248,819
22,555,155	21,628,155	19,710,032	21,213,578	18,111,318	19,019,416

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		\$ 227
Public Safety Partnership and Community Policing Grants	16.710	2009CKW0291	39,791
U.S. Department of Energy:			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-RW0000091	176,900
Total direct			<u>216,918</u>
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>27,843</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance Division:			
Crime Victim Assistance	16.575	VA-10-07	13,941
Violence Against Women Formula Grants	16.588	VWS-10-07	<u>6,105</u>
ARRA - Recovery Act - State Victim Assistance Formula Grant	16.801	VAS-10-07	<u>1,011</u>
U. S. Department of Transportation:			
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 09-04	<u>2,696</u>
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	PAP 10-410	<u>863</u>
Iowa Department of Public Health:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	5880C029	7,777
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	S397A090016A	<u>22,513</u>
			<u>30,290</u>
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401		<u>3,000</u>
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>14,454</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>78</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>7,296</u>

Des Moines 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 Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Foster Care - Title IV-E	93.658		14,837
Adoption Assistance	93.659		3,727
Children's Health Insurance Program	93.767		166
Medical Assistance Program	93.778		31,370
Social Services Block Grant	93.667		14,806
Social Services Block Grant	93.667		214,548
			<u>222,501</u>
Iowa Department of Public Health:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2009-TB20	4,550
Public Health Emergency Preparedness	93.069	5889BT05	110,754
Public Health Emergency Preparedness	93.069	5880BT29	128,632
			<u>239,386</u>
Immunization Cluster:			
Immunization Grants	93.268	5889I425	11,641
Immunization Grants	93.268	5880I425	6,429
			18,070
ARRA - Immunization	93.712	5880I425	6,067
			<u>24,137</u>
Social Services Block Grant	93.667	5880C029	14,255 *
National Bioterrorism Hospital Preparedness Program	93.889	5889BT05	40,000
HIV Prevention Activities - Health Department Based	93.940	5889AP06	1,957
Preventative Health and Health Services Block Grant	93.991	5889AP06	1,957
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 DRIA	1,773,365
Emergency Management Performance Grants	97.042		36,303
Iowa Northland Regional Council of Governments:			
Homeland Security Grant Program	97.067	2006 HSGP	7,059
Homeland Security Grant Program	97.067	2007 HSGP	8,652
			<u>15,711</u>
Total indirect			<u>2,538,652</u>
Total			<u>\$ 2,755,570</u>

\* - Total for CFDA Number 93.667 os \$243,609.

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

See accompanying independent auditor's report.

**Des Moines County**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Des Moines County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Des Moines 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 22, 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 Des Moines 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 Des Moines County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Des Moines 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 weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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-I-10 to be significant deficiencies.

## Compliance and Other Matters

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

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

Des Moines 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 Des Moines 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 Des Moines County and other parties to whom Des Moines 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 Des Moines 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 22, 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**

**Des Moines County**



# OFFICE OF AUDITOR OF STATE

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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 Des Moines County:

Compliance

We have audited Des Moines 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 Des Moines County's major federal program for the year ended June 30, 2010. Des Moines 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 Des Moines County's management. Our responsibility is to express an opinion on Des Moines 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 Des Moines 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 Des Moines County's compliance with those requirements.

In our opinion, Des Moines 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 Des Moines 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 Des Moines 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 Des Moines County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 Des Moines County and other parties to whom Des Moines 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 22, 2011

Des Moines 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 a major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are 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 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines County did not qualify as a low-risk auditee.

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

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. Listings of cash and checks received are not prepared and forwarded with the documents to accounting personnel for processing. Therefore, a listing of cash and checks received can not be compared to the cash receipt records by an independent person.	Drainage Districts, Agricultural Extension and Public Health
(2) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Conservation , Agricultural Extension and Drainage Districts
(3) Checks are not signed by an individual who does not otherwise participate in the preparation of the checks.	Sheriff (civil) and Drainage Districts
(4) Bank accounts are not reconciled by an individual who does not sign checks, handle or record cash. Independent reviews are not evidenced by the reviewer's initials or signature and date of review.	Agricultural Extension and Drainage Districts
(5) Investments are in the custody of the same individual responsible for recording investment income and no independent review is performed.	Drainage Districts

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

Responses –

Public Health – The administrator will open the mail and will list and verify checks.

Agricultural Extension – Due to our small office we are not able to do these things, but will try to improve.

Drainage Districts – In a typical office situation with numerous employees, segregation of duties and procedures are divided up among various employees according to job descriptions. However, Two Rivers Levee & Drainage Association has one employee, the Administrator. This position covers a multitude of responsibilities over 1 levee district and 3 drainage districts, including the Two Rivers office functions. These responsibilities are overseen by individual boards with elected Trustees. During their monthly meetings, receipts, deposits and expenditures are included for review by the board members. Each invoice and/or statement from vendors is initialed, representing approval, by the board members. As was communicated to the State Auditor Office representative, this practice has been done since the development of the districts in the early 1900's and continues today.

Conservation – Due to lack of staffing it is not feasible, now or in the foreseeable future, to have two individuals available to count money for this office. We will continue to review and monitor financial transactions and reports.

Sheriff – An individual is currently doing a random audit on bank accounts and checks each month. In addition, this individual is reviewing the checks being signed on a random basis. A log will be created to document what has been reviewed.

Conclusions –

Public Health, Agricultural Extension, Conservation and Sheriff – Responses accepted.

Drainage Districts – Response acknowledged. The Drainage Districts should utilize current personnel to provide additional control through review of financial transactions and reports. Such reviews should be evidenced by initials or signature of the reviewer and the date of the review.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

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

Response – We will run a report by object code to catch these items.

Conclusion – Response accepted.

- II-C-10 Sheriff Law Enforcement Contracts – The County does not maintain adequate records for contract law enforcement billings, collections and outstanding balances.

Recommendation – The County should maintain subsidiary records of billings and collections on law enforcement contracts to ensure all payments owed the County are received.

Response – The Sheriff’s Office is currently reviewing the revenue statements each month which document the monthly payments from each contracted city. These statements will then be initialed and filed.

Conclusion – Response accepted.

- II-D-10 Public Health Nurse – Nursing service billings, collections and balances were not reconciled each month. Receipts are not reconciled to the initial listing.

Recommendation – Nursing service billings, collections and balances should be reconciled monthly. Receipts should be reconciled to the initial listing.

Response – Des Moines County Public Health will utilize the spreadsheet offered by the State Auditors to reconcile nursing service billings and collections on a monthly basis. Environmental support staff will reconcile actual deposits against the check list.

Conclusion – Response accepted.

- II-E-10 Drainage District Credit Cards – Adequate supporting documentation was not available to support certain charges. Also, we noted finance charges for late payment fees on one claim tested.

Recommendation – The Board should ensure claims are sufficiently itemized and proper documentation accompanies all claims before they are paid. In addition, all claims should be processed timely to ensure finance charges are not incurred.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Response – We are continuing to impress upon our district employees the importance of bringing in an invoice for purchases by credit card usually ordered over the phone for parts etc. Sometimes, due to the certification process through the County, the due date, mail and date of the monthly meeting, the payments are late. We will continue to monitor this item.

Conclusion – Response accepted.

- II-F-10 Weapon Permit Revenue – The Sheriff's Office remits the County's share of weapon permits to the County Treasurer. The Sheriff's civil receipts annual report included the County's share of weapon permits of \$15,641, but the County Treasurer miscellaneous receipts totaled \$14,641. The County Sheriff's Office has not determined the reason for the \$1,000 variance.

Recommendation – Weapon permit collections and miscellaneous receipts should be reconciled to ensure all collections are deposited with the County Treasurer.

Response – The Sheriff's Office will reconcile weapon permit revenues to the amounts remitted to the County Treasurer on a regular basis.

Conclusion – Response accepted.

- II-G-10 Payroll Timesheets – Salaried personnel of the County do not prepare and file timesheets. Leave slips are utilized to track paid time off. There is often a lag in receiving leave slips from other departments, so leave used is not recorded in a timely manner.

Recommendation – Timesheets should be prepared by all personnel in all departments, salaried as well as hourly, and should be submitted to the County Auditor's Office prior to the processing of payroll each pay period. The time sheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor or department head prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days.

Response – We agree with this suggestion, if a form could be developed using our current computer system. Having all information for each employee on one sheet would be more efficient.

Conclusion – Response accepted.

- II-H-10 Payroll Calculation Method – For the year ended June 30, 2010, all salaried employees were paid compensation in excess of authorized salary in the amount equal to one day's pay due to an error in the payroll calculation method.

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

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Response – We corrected the payroll calculation method in the current fiscal year.

Conclusion – Response acknowledged. The County should consult legal counsel to determine the disposition of this matter.

II-I-10 Timely Deposits – Conservation and Secondary Roads collections were not always deposited with the County Treasurer timely.

Recommendations – Receipts should be deposited with the County Treasurer’s Office on a timely basis.

Responses –

Conservation Board – Weekly deposits will be made in the future.

Secondary Roads – We will work to improve our consistency with the timeliness of deposits.

Conclusion – Responses accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Des Moines 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.

Des Moines 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, 2009 did not exceed the amounts budgeted.

IV-B-10 Questionable Expenditures - Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
The Drake Restaurant	Lunch for the Trails Committee	\$ 46
The Brick House Restaurant	Lunch for the Preserves Board	47
The Drake Restaurant	Lunch for the Preserves Board	64
Kohls	Clothing for plain clothed Sheriff's Office employees	151

In addition, employees of certain County departments were provided annual clothing allowances for professional dress attire. The County does not have a written policy for clothing allowances.

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation - The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation of the public purpose served.

Response – The meals were provided to volunteers who attended the meetings. Those who assisted in these sessions and received a meal were working to establish a trails system which in turn will serve the public. We will document the public purpose of meals in the future. The clothing allowance has been removed from next year's budget.

Conclusion – Response accepted.

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 – No business transactions between the County and County officials or employees were noted.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of bond coverage should be periodically reviewed 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.

The County Auditor did not always furnish a copy of the Board proceedings following adjournment as required by Chapter 349.18(3) of the Code of Iowa. In addition, proof of publication could not be located for two meetings.

Certain minutes of the meetings of the County Board of Supervisors were not signed.

Recommendation – The County should ensure minutes are provided for publication as required and publications are retained. The County should ensure minutes are signed to authenticate the record as required.

Response – We will make every attempt to comply with this recommendation.

Conclusion – Response accepted.

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 certified the County did not dedicate sufficient property tax revenue to conservation purposes to qualify for REAP fund distributions in accordance with Chapter 455A.19(1)(b) of the Code of Iowa.

IV-I-10 Drainage/Levee District Checking Accounts and Investments – The Board of Trustee controlled drainage and levee districts opened separate checking accounts during the year ended June 30, 2010. The accounts were opened in May 2009 after the County's refusal to pay drainage and levee district claims due to large deficit balances existing in the funds. The drainage and levee districts deposited FEMA receipts, certificates of deposit and bank loan proceeds in the checking accounts to pay drainage and levee district expenditures. During fiscal year 2010, the checking accounts were closed and funds were remitted to the County Treasurer.

In addition, the trustee drainage and levee districts have separate investments, including certificates of deposit and government securities, which are not held by the County Treasurer.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Chapter 468.527 of the Code of Iowa states, "All costs and expenses necessary to discharge the duties by this subchapter conferred upon trustees shall be levied and collected as provided by law and such levy shall be upon certificate by the trustees to the board of supervisors of the amount necessary for such levy."

Chapter 468.528 of the Code of Iowa states, "Drainage and levee taxes when so levied and collected shall be kept by the treasurer of the county in a separate fund to the credit of the district for which it is collected...."

Since the County Treasurer is required to act as the custodian of trustee district funds, the investments separately maintained by the trustee districts do not appear to comply with the Code of Iowa. Adjustments were subsequently made by the County to properly record the activity and balances of the separately maintained accounts and investments in the County's financial statements.

Recommendation – All drainage and levee district receipts and disbursements should be recorded in the County funds as prescribed in the Code of Iowa.

Response – All expenditures continue to be processed through the County Auditor's Office and the County Treasurer is aware of all investments of the Districts.

Conclusion – Response acknowledged. The investments separately maintained by the Board of Trustees should be remitted to the County Treasurer as required by the Code of Iowa.

- IV-J-10 Drainage District Loan Agreement – The Board of Trustees of drainage district number 4 entered into a loan agreement to borrow \$400,000, with principal and interest payable semi-annually through 2029. We are unaware of any statutory provision in Chapter 468 of the Code of Iowa which would allow the Trustees to enter into this type of debt agreement.

Recommendation – The Board of Trustees should consult legal counsel to resolve this matter.

Response – The District will consult legal counsel about this matter.

Conclusion – Response accepted.

- IV-K-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.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-L-10 Outstanding Checks – The Sheriff's Office has outstanding checks over one year old.

Recommendation – In accordance with Chapter 331.554(6) of the Code of Iowa, the Sheriff's Office should void and remit checks outstanding for more than one year to the General Fund.

Response – The Sheriff's Office will review outstanding checks over one year old and have those voided and remitted back to the General Fund.

Conclusion – Response accepted.

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Des Moines County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
Scott P. Boisen, Senior Auditor II  
Kelly L. Hilton, Staff Auditor  
Jennifer M. Kopp, Staff Auditor  
Ainslee M. Barnes, Assistant Auditor  
Brandon J. Vogel, Assistant Auditor  
Justin M. Scherrman, Assistant Auditor  
Kurt D. Goldsmith, Assistant Auditor

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