



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

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**NEWS RELEASE**

FOR RELEASE

April 26, 2011

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$22,540,176 for the year ended June 30, 2010, which included \$750,003 in tax credits from the state. The County forwarded \$16,806,247 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,733,929 of the local tax revenue to finance County operations, a 6.0% decrease from the prior year. Other revenues included charges for service of \$989,318, operating grants, contributions and restricted interest of \$4,581,683, unrestricted investment earnings of \$72,131, local option sales and services tax of \$418,679, tax increment financing of \$197,039 and other general revenues of \$215,362.

Expenses for County operations totaled \$12,337,448, a 4.8% increase over the prior year. Expenses included \$4,897,254 for roads and transportation, \$2,243,494 for public safety and legal services and \$1,558,698 for physical health and social services.

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/1010-0065-B00F.pdf>.

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**MILLS COUNTY**

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

**JUNE 30, 2010**

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**Mills County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Richard Crouch	Board of Supervisors	Jan 2011
Joseph P. Blankenship	Board of Supervisors	Jan 2013
Ronald E. Kohn	Board of Supervisors	Jan 2013
Carol Robertson	County Auditor	Jan 2013
Janette Blackburn	County Treasurer	Jan 2011
Vicki McClintic	County Recorder	Jan 2011
Eugene Goos	County Sheriff	Jan 2013
Marci McClellan	County Attorney	Jan 2011
Christina Govig	County Assessor	Jan 2016

**Mills County**



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Independent Auditor's Report

To the Officials of Mills County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mills 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 Mills 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 Mills 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 15, 2011 on our consideration of Mills 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 46 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 Mills 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 six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2003 (which are not presented herein) and expressed a qualified opinion on those financial statements due to the omission of general fixed assets. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2002 (which are not presented herein) and expressed qualified opinions on those financial statements due to the effects of the omission of general fixed assets and the omission of the materials and supplies inventories, pertaining primarily to the Secondary Roads Fund. 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 15, 2011

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

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Mills County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010, along with comparative data for the year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2010 FINANCIAL HIGHLIGHTS**

- Mills County's governmental activities revenues were approximately \$12.2 million for fiscal year 2010. Charges for service decreased from \$1,398,702 in fiscal year 2009 to \$989,318 in fiscal year 2010 and property tax decreased from \$5,880,391 in fiscal year 2009 to \$5,534,828 in fiscal year 2010.
- Mills County's governmental activities expenses increased 4.8%, or approximately \$567,000, from fiscal year 2009 to fiscal year 2010. Expenses for roads and transportation increased the most, from \$4,598,093 in fiscal year 2009 to \$4,897,254 in fiscal year 2010.
- The County's net assets decreased 0.8%, or approximately \$129,000, 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 Mills 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 Mills 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 Mills 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 and non-program activities. Property tax and state and federal grants finance most of these activities.

### *The 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 and 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads. 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 the drainage district, 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

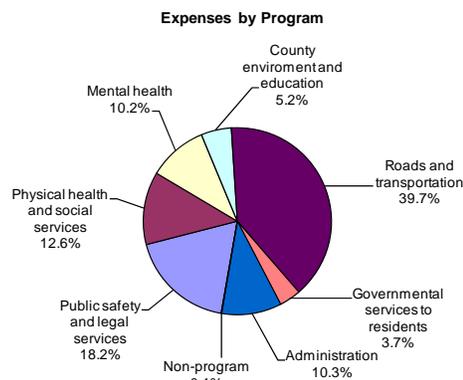
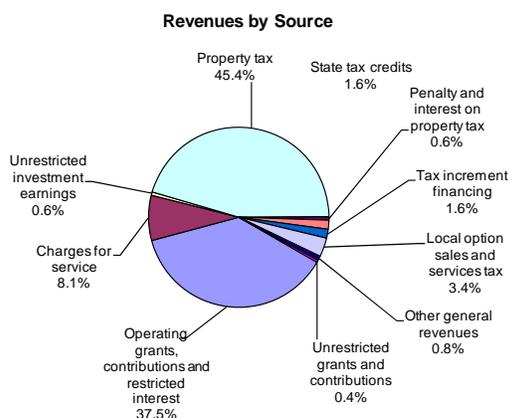
As noted earlier, net assets may serve over time as a useful indicator of financial position. Mills County's net assets at the end of fiscal year 2010 totaled approximately \$16.2 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2010	2009
Current and other assets	\$ 14,918,431	14,692,646
Capital assets	9,173,280	9,207,082
Total assets	24,091,711	23,899,728
Long-term liabilities	1,469,310	1,424,797
Other liabilities	6,462,560	6,185,783
Total liabilities	7,931,870	7,610,580
Net assets:		
Invested in capital assets	9,173,280	9,207,082
Restricted	4,181,930	4,616,640
Unrestricted	2,804,631	2,465,426
Total net assets	\$ 16,159,841	16,289,148

Net assets of Mills County's governmental activities decreased approximately 0.8% (approximately \$16.2 million compared to approximately \$16.3 million). The largest portion of the County's net assets are invested in capital assets (e.g. land, infrastructure, buildings and equipment). Next largest is restricted net assets, which represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets which can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, are \$2,804,631, which was an increase of approximately \$339,000, or 13.8%, over June 30, 2009.

**Changes in Net Assets of Governmental Activities**

	Year ended June 30,	
	2010	2009
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 989,318	1,398,702
Operating grants, contributions and restricted interest	4,581,683	4,450,862
Capital grants, contributions and restricted interest	-	13,927
<b>General revenues:</b>		
Property tax	5,534,828	5,880,381
Penalty and interest on property tax	67,801	68,047
State tax credits	199,101	217,065
Tax increment financing	197,039	209,865
Local option sales and services tax	418,679	446,670
Unrestricted grants and contributions	45,235	84,931
Unrestricted investment earnings	72,131	184,423
Other general revenues	102,326	72,698
<b>Total revenues</b>	<b>12,208,141</b>	<b>13,027,571</b>
<b>Program expenses:</b>		
Public safety and legal services	2,243,494	2,058,481
Physical health and social services	1,558,698	1,610,481
Mental health	1,263,742	1,436,988
County environment and education	638,624	519,199
Roads and transportation	4,897,254	4,598,093
Governmental services to residents	454,376	435,645
Administration	1,273,190	1,104,760
Non-program	8,070	6,590
<b>Total expenses</b>	<b>12,337,448</b>	<b>11,770,237</b>
<b>Change in net assets</b>	<b>(129,307)</b>	<b>1,257,334</b>
<b>Net assets beginning of year</b>	<b>16,289,148</b>	<b>15,031,814</b>
<b>Net assets end of year</b>	<b>\$ 16,159,841</b>	<b>16,289,148</b>



Mills County increased the property tax rate \$.08691 per \$1,000 of taxable valuation for the rural services levy and decreased the property tax rate \$1.20635 per \$1,000 of taxable valuation for the county-wide levy in fiscal year 2010. The general supplemental levy rate decreased \$1.14978 per \$1,000 of taxable valuation from fiscal year 2009 to fiscal year 2010. The mental health levy rate decreased \$.05657 per \$1,000 of taxable valuation. The county-wide assessed property taxable valuation increased \$36,317,470 from fiscal year 2009 to fiscal year 2010 and the rural assessed property taxable valuation increased \$29,890,451 from fiscal year 2009 to fiscal year 2010. The general basic levy in fiscal year 2010 remained unchanged from fiscal year 2009 at \$3.50 per \$1,000 of taxable valuation.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Mills County completed the year, its governmental funds reported a combined fund balance of approximately \$8.37 million, a decrease from last year's total of approximately \$8.38 million.

The General Fund, the operating fund for Mills County, ended fiscal year 2010 with a balance of \$4,675,130. This was a decrease of \$66,860 from the fiscal year 2009 ending balance. Revenue decreased \$656,986 from fiscal year 2009 to fiscal year 2010, primarily due to a decrease in property and other county tax.

Mills County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. Fiscal year 2010 ended with a \$918,843 fund balance, which was an increase of \$478,253 over fiscal year 2009. Revenues decreased \$113,777 from fiscal year 2009 to fiscal year 2010, primarily due to a decrease in intergovernmental revenue. Mills County also had a decrease in mental health expenditures of \$173,246 from fiscal year 2009 to fiscal year 2010.

The Rural Services Fund ended fiscal year 2010 with a \$282,809 fund balance compared to the fiscal year 2009 ending fund balance of \$241,784. Revenues increased \$134,202 from fiscal year 2009 to fiscal year 2010, with property and other county tax revenue increasing from fiscal year 2009 to fiscal year 2010. The County transferred all funds budgeted for the Secondary Roads Fund, which increased from fiscal year 2009 to fiscal year 2010.

The Secondary Roads Fund ended fiscal year 2010 with a \$1,543,046 fund balance compared to the fiscal year 2009 ending fund balance of \$2,270,226. As mentioned above, in fiscal year 2010 the Secondary Roads Fund received all the transfers budgeted, which was an increase of approximately \$100,000 over fiscal year 2009. Secondary Roads Fund revenue decreased \$104,689 from fiscal year 2009 to fiscal year 2010 due to a decrease in intergovernmental revenue. Expenditures increased \$475,312 from fiscal year 2009 to fiscal year 2010, primarily due to an increase in roads and transportation function expenditures.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Mills County amended its budget two times. The last amendment was made on June 1, 2010 and all amendments resulted in a cumulative increase in budgeted disbursements of \$1,954,150, related primarily to increases in disbursements due to additional grant funding received by the County, including Federal Emergency Management Agency grants, a community development grant and a sheriff grant.

The County's actual receipts were \$2,194,926 less than the amended budget, a variance of 15.3%. The variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total actual disbursements were \$3,651,625 less than the amended budget, a variance of 23.2%. Actual disbursements for the mental health and the roads and transportation functions were under the amended budget by \$452,388 and \$1,585,903, respectively.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2010, Mills County had approximately \$9.17 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of \$33,802, or 0.4%, from last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2010	2009
Land	\$ 843,378	843,378
Intangibles, road network	933,140	933,140
Buildings	820,902	866,139
Improvements other than buildings	43,600	48,445
Equipment and vehicles	2,107,712	1,949,240
Infrastructure, other	4,424,548	4,566,740
Total	\$ 9,173,280	9,207,082
This year's major additions included:		
County Sheriff's vehicles	\$ 22,872	
Secondary Roads Department equipment	556,953	
Other equipment	32,769	
Total	\$ 612,594	

The County had depreciation expense of \$646,395 in fiscal year 2010 and total accumulated depreciation of \$5,052,709 at June 30, 2010.

More detailed information about the County's capital assets is presented in Note 4 to financial statements.

### Long-Term Debt

At June 30, 2010, Mills County had \$930,000 of long-term debt outstanding relating to general obligation urban renewal bonds issued in fiscal year 2008 compared to \$995,000 of outstanding long-term debt at June 30, 2009.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Mills County's constitutional debt limit is approximately \$55.4 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

Mills 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.

The Secondary Roads department continues to budget \$375,000 for capital projects which are reimbursable through Federal Emergency Management Agency grants from the floods of 2008.

The Emergency Management Director, with the support of the Board of Supervisors, implemented the Code Red program. This program is available to the residents of the County to be notified by either land line phone, cell phone or both for various types of potential adverse severe weather or flooding in their specific area. County residents can go to the County website or contact the Emergency Management Director to receive various levels of information of their choice at no charge. This program was felt to be an asset especially to those rural residents who do not hear sirens notifying them of potential adverse conditions.

The Mills County Board of Supervisors has also partnered with the Mills County Conservation Department and the Mills County Archeological Association to build a Loess Hills Interpretive Center. The Center will be built by grant funding and local donations. The Center will educate the public on the Indian culture and other historic information of the Loess Hills and is hoped to increase tourism to the area. The Center is still in the planning stages.

The contract has been finalized between the Iowa Department of Natural Resources and the Mills County Conservation Department to manage the 906 acre Archeological Preserve on the Glenwood Resource Center grounds. A portion of the preserve is farmed and the cash rent will be paid to the County Conservation Department with the stipulation these funds will be used to maintain and upgrade the area. Most of the revenues will come in during fiscal year 2011. A departmental budget will be set up for fiscal year 2012 to ensure the monies continue to be utilized for their intended purpose.

The Mills County Conservation Department has received grant funding to pave 2.77 miles of the Wabash Trace bicycle trail which will benefit many local and out of town people using the trail for bicycle recreation.

The County welcomed the building and opening of the A&M Green Power John Deere Commercial Dealership, which is the largest retail and machinery facility presently in North America.

Mills County has been very fortunate to see continual growth in the local option sales and services tax (LOSST) revenues. The County has been able to continue its present agreement for community betterment with the cities in the County and also with the YMCA. The County continues to use LOSST revenues wisely and assists with projects throughout the County upon request by various agencies. The County has spent its LOSST revenues to benefit not only the citizens of the County, but also within the categories set forth in the ballot resolution. The Board of Supervisors approved the following requests: Indian Creek Museum for \$5,000 which was used in conjunction with grants and other fundraising monies to assist with several projects the Museum Board is completing at the site, the cities of Emerson and Henderson and the village of Mineola each received \$200 to assist with RAGBRAI clean-up and the Loess Hills Archeological Interpretive Organization received \$5,000.

Mills County has a link to the Beacon GIS system on its website which provides maps and various real estate information. The information is available to the public at no charge. Some specific information requested is charged a nominal fee for agencies which will profit from the information. Mills County's IT Director oversees and handles these requests and the revenues go into the County's General Fund. This implementation has been very favorable and an asset for the public to receive this information. The IT department continues to update and manage the County website as well as allowing links to tourism and County Coalition to update events being held in the County as well as getting information out to the public.

In the present economy and with all of the State cuts, Mills County will continually look for ways to keep expenditures down as much as possible and may continue to look at ways to take some of the burden off of the general basic levy by diverting programs in other areas where allowed by Code.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Mills 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 Carol Robertson by email at [crobertson@millscoia.us](mailto:crobertson@millscoia.us), by mail at the Mills County Auditor's Office, 418 Sharp Street, Glenwood, Iowa 51534 or by telephone at (712) 527-3146.

**Mills County**

## **Basic Financial Statements**

**Exhibit A**

Mills County  
Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 7,950,991
Receivables:	
Property tax:	
Delinquent	15,081
Succeeding year	5,901,000
Interest and penalty on property tax	41,778
Accounts	101,540
Accrued interest	4,322
Drainage assessments	534
Special assessments	31,316
Due from other governments	511,567
Inventories	333,044
Prepaid insurance	27,258
Capital assets - nondepreciable	1,776,518
Capital assets - depreciable (net)	7,396,762
	<u>24,091,711</u>
<b>Total assets</b>	
<b>Liabilities</b>	
Accounts payable	215,567
Salaries and benefits payable	152,061
Due to other governments	193,932
Deferred revenue:	
Succeeding year property tax	5,901,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation urban renewal bonds	65,000
Compensated absences	247,986
Portion due or payable after one year:	
General obligation urban renewal bonds	865,000
Compensated absences	237,986
Net OPEB liability	53,338
	<u>7,931,870</u>
<b>Total liabilities</b>	
<b>Net Assets</b>	
Invested in capital assets	9,173,280
Restricted for:	
Supplemental levy purposes	1,293,085
Mental health purposes	920,314
Secondary roads purposes	1,312,106
Other purposes	656,425
Unrestricted	2,804,631
	<u>16,159,841</u>
<b>Total net assets</b>	<u>\$ 16,159,841</u>

See notes to financial statements.

Mills County

Statement of Activities

Year ended June 30, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 2,243,494	198,719	82,852	(1,961,923)
Physical health and social services	1,558,698	454,680	601,358	(502,660)
Mental health	1,263,742	-	1,135,525	(128,217)
County environment and education	638,624	6,852	28,879	(602,893)
Roads and transportation	4,897,254	61,356	2,510,956	(2,324,942)
Governmental services to residents	454,376	256,484	43	(197,849)
Administration	1,273,190	11,162	222,070	(1,039,958)
Non-program	8,070	65	-	(8,005)
<b>Total</b>	<b>\$ 12,337,448</b>	<b>989,318</b>	<b>4,581,683</b>	<b>(6,766,447)</b>
<b>General Revenues:</b>				
Property and other county tax levied for general purposes				5,534,828
Penalty and interest on property tax				67,801
State tax credits				199,101
Tax increment financing				197,039
Local option sales and services tax				418,679
Grants and contributions not restricted to specific purpose				45,235
Unrestricted investment earnings				72,131
Gain on disposition of capital assets				37,689
Miscellaneous				64,637
<b>Total general revenues</b>				<b>6,637,140</b>
Change in net assets				(129,307)
Net assets beginning of year				16,289,148
Net assets end of year				<b>\$ 16,159,841</b>

See notes to financial statements.

Mills County  
Balance Sheet  
Governmental Funds

June 30, 2010

Assets	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Cash and pooled investments	\$ 4,575,071	1,117,075	283,699	1,090,737
Receivables:				
Property tax:				
Delinquent	10,133	1,564	3,384	-
Succeeding year	3,772,000	582,000	1,445,000	-
Interest and penalty on property tax	41,778	-	-	-
Accounts	66,953	34,556	-	-
Accrued interest	3,944	-	-	-
Drainage assessments	-	-	-	-
Special assessments	-	-	-	31,316
Due from other governments	149,794	4,091	6,921	276,263
Inventories	-	-	-	333,044
Prepaid insurance	27,258	-	-	-
<b>Total assets</b>	<b>\$ 8,646,931</b>	<b>1,739,286</b>	<b>1,739,004</b>	<b>1,731,360</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 42,253	61,152	1,702	100,728
Salaries and benefits payable	94,727	79	5,918	50,499
Due to other governments	12,145	175,741	275	5,771
Deferred revenue:				
Succeeding year property tax	3,772,000	582,000	1,445,000	-
Other	50,676	1,471	3,300	31,316
Total liabilities	<b>3,971,801</b>	<b>820,443</b>	<b>1,456,195</b>	<b>188,314</b>
Fund balances:				
Reserved for supplemental levy purposes	1,314,925	-	-	-
Unreserved, reported in:				
General fund	3,360,205	-	-	-
Special revenue funds	-	918,843	282,809	1,543,046
Total fund balances	<b>4,675,130</b>	<b>918,843</b>	<b>282,809</b>	<b>1,543,046</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,646,931</b>	<b>1,739,286</b>	<b>1,739,004</b>	<b>1,731,360</b>

See notes to financial statements.

Nonmajor	Total
884,409	7,950,991
-	15,081
102,000	5,901,000
-	41,778
31	101,540
378	4,322
534	534
-	31,316
74,498	511,567
-	333,044
-	27,258
<u>1,061,850</u>	<u>14,918,431</u>
9,732	215,567
838	152,061
-	193,932
102,000	5,901,000
-	86,763
<u>112,570</u>	<u>6,549,323</u>
-	1,314,925
-	3,360,205
949,280	3,693,978
<u>949,280</u>	<u>8,369,108</u>
<u>1,061,850</u>	<u>14,918,431</u>

**Mills County**

Mills County

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

June 30, 2010

**Total governmental fund balances (page 19)** \$ 8,369,108

***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 \$14,225,989 and the accumulated depreciation is \$5,052,709. 9,173,280

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 86,763

Long-term liabilities, including urban renewal general obligation bonds payable, other postemployment benefits payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (1,469,310)

**Net assets of governmental activities (page 16)** \$ 16,159,841

See notes to financial statements.

Mills County

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

Year ended June 30, 2010

	Special		
	General	Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 3,204,715	583,478	1,745,483
Local option sales and services tax	-	-	-
Tax increment financing	-	-	-
Interest and penalty on property tax	64,921	-	-
Intergovernmental	1,365,231	1,150,674	117,055
Licenses and permits	91,668	-	23,821
Charges for service	366,484	-	-
Use of money and property	74,064	-	-
Miscellaneous	57,225	7,843	-
Total revenues	5,224,308	1,741,995	1,886,359
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	1,762,603	-	418,799
Physical health and social services	1,410,719	-	74,175
Mental health	-	1,263,742	-
County environment and education	386,333	-	48,240
Roads and transportation	-	-	-
Governmental services to residents	447,327	-	1,040
Administration	1,212,336	-	28,080
Non-program	-	-	-
Capital projects	956	-	-
Total expenditures	5,220,274	1,263,742	570,334
Excess (deficiency) of revenues over (under) expenditures	4,034	478,253	1,316,025
<b>Other financing sources (uses):</b>			
Operating transfers in	-	-	-
Operating transfers out	(70,894)	-	(1,275,000)
Total other financing sources (uses)	(70,894)	-	(1,275,000)
Net change in fund balances	(66,860)	478,253	41,025
Fund balances beginning of year	4,741,990	440,590	241,784
Fund balances end of year	\$ 4,675,130	918,843	282,809

See notes to financial statements.

Revenue		
Secondary		
Roads	Nonmajor	Total
-	-	5,533,676
-	418,679	418,679
-	197,039	197,039
-	-	64,921
2,562,380	73,740	5,269,080
10,754	-	126,243
17,532	3,219	387,235
-	2,655	76,719
69,315	2,667	137,050
2,659,981	697,999	12,210,642
-	-	2,181,402
-	57,813	1,542,707
-	-	1,263,742
-	247,376	681,949
4,849,650	-	4,849,650
-	-	448,367
-	-	1,240,416
-	8,070	8,070
4,185	-	5,141
4,853,835	313,259	12,221,444
(2,193,854)	384,740	(10,802)
1,466,674	15,000	1,481,674
-	(135,780)	(1,481,674)
1,466,674	(120,780)	-
(727,180)	263,960	(10,802)
2,270,226	685,320	8,379,910
1,543,046	949,280	8,369,108

Mills 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)** \$ (10,802)

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

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

Expenditures for capital assets	\$ 650,282	
Depreciation expense	<u>(646,395)</u>	3,887

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. (37,689)

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	1,153	
Other	<u>(41,343)</u>	(40,190)

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. 65,000

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 the governmental funds, as follows:

Compensated absences	(56,175)	
Other postemployment benefits	<u>(53,338)</u>	(109,513)

**Change in net assets of governmental activities (page 17)** \$ (129,307)

See notes to financial statements.

Mills County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 1,785,661
Other County officials	22,090
Receivables:	
Property tax:	
Delinquent	44,290
Succeeding year	16,295,816
Accounts	101,045
Accrued interest	650
Special assessments	209,104
Drainage assessments	3,365
Due from other governments	87,487
<b>Total assets</b>	<u>18,549,508</u>

**Liabilities**

Accounts payable	101,993
Stamped warrants payable	50
Salaries and benefits payable	17,801
Due to other governments	18,379,518
Unearned FEMA grant revenue	11,163
Trusts payable	12,320
Compensated absences	26,663
<b>Total liabilities</b>	<u>18,549,508</u>

**Net assets**

\$ -

See notes to financial statements.

Mills County

Notes to Financial Statements

June 30, 2010

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

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

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

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. It is reported as part of the County and blended into the Special Revenue Funds.

One drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Mills County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the drainage district can be obtained from the Mills County Auditor's Office.

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: Mills County Assessor’s Conference Board, Mills County Emergency Management Commission, Mills County Joint E911 Service Board and Rolling Prairie Case Management 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 following jointly governed organizations: Missouri River Authority, Hungry Canyons, Juvenile Detention Center, Adult Correctional Facility, Resource Conservation and Development (Golden Hills), Metropolitan Area Planning Agency, Southwest Iowa Planning Council, West Central Development and Southwest Iowa Drug Task Force.

B. Basis of Presentation

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

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

*Invested in capital assets* consists of capital assets, net of accumulated depreciation.

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

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

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

which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 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. Special assessments receivable represent assessments which have been made but have not been collected. Succeeding year special assessments receivable represents 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 consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles-Right of Way	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10
Intangibles	5 - 20

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, sick leave and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in 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 applicable governmental activities column of the 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.

**(2) Cash and Pooled Investments**

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

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(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	\$ 70,894
	Special Revenue:	
	Rural Services	1,275,000
	Local Option Sales and Services Tax	135,780
Total		<u>\$ 1,481,674</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:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 843,378	-	-	843,378
Intangibles, road network	933,140	-	-	933,140
Total capital assets not being depreciated	1,776,518	-	-	1,776,518
Capital assets being depreciated:				
Buildings	1,644,689	-	-	1,644,689
Improvements other than buildings	96,888	-	-	96,888
Equipment and vehicles	5,222,634	612,593	187,342	5,647,885
Infrastructure	5,060,009	-	-	5,060,009
Total capital assets being depreciated	12,024,220	612,593	187,342	12,449,471
Less accumulated depreciation for:				
Buildings	778,550	45,236	-	823,786
Improvements other than buildings	48,443	4,845	-	53,288
Equipment and vehicles	3,273,394	454,122	187,342	3,540,174
Infrastructure	493,269	142,192	-	635,461
Total accumulated depreciation	4,593,656	646,395	187,342	5,052,709
Total capital assets being depreciated, net	7,430,564	(33,802)	-	7,396,762
Governmental activities capital assets, net	\$ 9,207,082	(33,802)	-	9,173,280

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 48,324
Physical health and social services	4,240
County environment and education	32,167
Roads and transportation	521,275
Governmental services to residents	2,698
Administration	37,691
Total depreciation expense - governmental activities	\$ 646,395

Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, was implemented during fiscal year 2010. Right of way totaling \$933,140 which was previously reported as land was reclassified as intangibles, road network. Restatement of the beginning net assets and capital assets for governmental activities was not necessary because the right of way has an indefinite useful life and, therefore, is not subject to amortization.

**(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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 12,145
Special Revenue:		
Mental Health	Services	175,741
Rural Services	Services	275
Secondary Roads	Services	5,771
		<u>          </u>
Total for governmental funds		<u>\$ 193,932</u>
Agency:		
County Assessor	Collections	\$ 567,677
Schools		12,274,030
Community Colleges		573,456
Corporations		2,850,297
Auto License and Use Tax		364,982
Drainage Districts		673,826
All other		1,075,250
		<u>          </u>
Total for agency funds		<u>\$ 18,379,518</u>

**(6) Long-Term Liabilities**

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

	<u>General Obligation</u>	<u>Compen-</u>	<u>Net</u>	
	<u>Urban Renewal</u>	<u>sated</u>	<u>OPEB</u>	
	<u>Bonds</u>	<u>Absences</u>	<u>Liability</u>	<u>Total</u>
Balance beginning of year	\$ 995,000	429,797		1,424,797
Increases	-	422,868	53,338	476,206
Decreases	65,000	366,693		431,693
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance end of year	\$ 930,000	485,972	53,338	1,469,310
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Due within one year	\$ 65,000	247,447	-	312,447
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### General Obligation Urban Renewal Bonds

On October 4, 2007, the County issued \$1,115,000 of general obligation urban renewal bonds for the purpose of planning, undertaking and carrying out an urban renewal project within the Highway 34/I-29 urban renewal area, consisting of the construction of water and sanitary sewer improvements, with interest rates ranging from 3.50% to 4.00% per annum. Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	3.60%	\$ 65,000	35,530	100,530
2012	3.60	70,000	33,190	103,190
2013	3.65	75,000	30,670	105,670
2014	3.70	75,000	27,933	102,933
2015	3.75	80,000	25,158	105,158
2016-2020	3.80-3.95	460,000	76,899	536,899
2021	4.00	105,000	42,000	147,000
Total		\$ 930,000	271,380	1,201,380

During the year ended June 30, 2010, \$65,000 of bonds were retired and interest of \$37,837 was paid. The principal and interest is reported in the county environment and education function.

#### **(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 \$330,812, \$301,560 and \$280,074, respectively, equal to the required contributions for each year.

#### **(8) 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 \$119,709.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage 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.

**(9) Other Postemployment Benefits (OPEB)**

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 114 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 60,129
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>60,129</u>
Contributions made	<u>(6,791)</u>
Increase in net OPEB obligation	53,338
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u><u>\$ 53,338</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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 \$6,791 to the medical plan and there were no contributions from plan members eligible for benefits.

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	\$ 60,129	11.3%	\$ 53,338

Funded Status and Funding Progress. As of June 30, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$423,519, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$423,519. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,493,000 and the ratio of the UAAL to covered payroll was 9.4%. As of June 30, 2010, there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$518 per month for retirees less than age 65 and \$1,158 per month for spouses less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(10) Jointly Governed Organization**

Mills County participates in the Rolling Prairie Case Management Board, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2010:

Additions:		
Federal grants and entitlements:		
Medicaid case management		\$ 393,777
Contributions from governmental units		452,377
Total additions		<u>846,154</u>
Deductions:		
Salaries	\$ 283,869	
Benefits	98,949	
Case management:		
Chronic mental illness	43,969	
Mental retardation	348,401	
Technical assistance	6,660	
Office supplies	6,104	
Telephone	2,212	
Travel and training	33,187	
Dues	100	
Equipment repair	4,223	
	<u>827,674</u>	
Net		18,480
Balance beginning of year		<u>116,945</u>
Balance end of year		<u>\$ 135,425</u>

**(11) Development Agreement**

The County entered into a development agreement to assist in an urban renewal project under Chapter 403 of the Code of Iowa. The County agreed to rebate 100% of the incremental property tax paid by the developer in exchange for construction of infrastructure by the developer. The incremental property tax received by the County from the developer will be rebated for a period of 11 years or until the total principal and interest has been paid. The total amount rebated is not to exceed \$545,000, plus interest. The outstanding principal balance on the agreement at June 30, 2010 is \$545,000, as no payments have been made.

**(12) Special Investigation**

Mills County requested the Office of Auditor of State perform a special investigation of the County as a result of concerns identified. The special investigation is being performed for the period January 1, 2005 through March 15, 2011.

Copies of the special investigation will be filed with the Mills County Attorney's Office, the Division of Criminal Investigation and the Attorney General's Office when completed.

**Mills County**

**Required Supplementary Information**

Mills 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	Funds not Required to be Budgeted	Actual
<b>Receipts:</b>			
Property and other county tax	\$ 6,152,954	-	6,152,954
Interest and penalty on property tax	65,408	-	65,408
Intergovernmental	5,262,620	-	5,262,620
Licenses and permits	125,955	-	125,955
Charges for service	365,273	-	365,273
Use of money and property	87,615	-	87,615
Miscellaneous	112,522	13,531	98,991
Total receipts	<u>12,172,347</u>	<u>13,531</u>	<u>12,158,816</u>
<b>Disbursements:</b>			
Public safety and legal services	2,165,994	-	2,165,994
Physical health and social services	1,533,639	-	1,533,639
Mental health	1,298,261	-	1,298,261
County environment and education	639,753	-	639,753
Roads and transportation	4,754,089	-	4,754,089
Governmental services to residents	447,353	-	447,353
Administration	1,237,301	-	1,237,301
Non-program	13,070	13,070	-
Capital projects	4,185	-	4,185
Total disbursements	<u>12,093,645</u>	<u>13,070</u>	<u>12,080,575</u>
Excess (deficiency) of receipts over (under) disbursements	78,702	461	78,241
Balance beginning of year	<u>7,872,289</u>	<u>220</u>	<u>7,872,069</u>
Balance end of year	<u>\$ 7,950,991</u>	<u>681</u>	<u>7,950,310</u>

See accompanying independent auditor's report.

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Budgeted	Amounts	Final to
Original	Final	Actual
		Variance
6,099,121	6,104,681	48,273
62,200	62,200	3,208
5,427,788	7,316,986	(2,054,366)
162,875	162,875	(36,920)
404,605	404,605	(39,332)
186,170	186,170	(98,555)
113,225	116,225	(17,234)
12,455,984	14,353,742	(2,194,926)
2,417,392	2,432,340	266,346
1,783,924	1,783,924	250,285
1,750,649	1,750,649	452,388
829,187	863,867	224,114
4,639,992	6,339,992	1,585,903
500,149	500,149	52,796
1,471,757	1,676,279	438,978
-	-	-
385,000	385,000	380,815
13,778,050	15,732,200	3,651,625
(1,322,066)	(1,378,458)	1,456,699
5,889,409	5,889,409	1,982,660
4,567,343	4,510,951	3,439,359

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Mills County  
Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,172,347	38,295	12,210,642
Expenditures	12,093,645	127,799	12,221,444
Net	78,702	(89,504)	(10,802)
Beginning fund balances	7,872,289	507,621	8,379,910
Ending fund balances	\$ 7,950,991	418,117	8,369,108

See accompanying independent auditor's report.

Mills 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 the blended component unit and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,954,150. 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.

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Mills County

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

Required Supplementary Information

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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)
2010	July 1, 2009	-	\$ 424	424	0.00%	\$ 4,493	9.44%

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See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

Mills County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2010

	Local Option Sales and Services Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Special Urban Renewal Revenue
<b>Assets</b>				
Cash and pooled investments	\$ 317,667	73,038	16,196	292,855
Receivables:				
Succeeding year property tax	-	-	-	102,000
Accounts	-	17	3	-
Accrued interest	-	31	-	-
Drainage assessments	-	-	-	-
Due from other governments	72,023	-	253	-
<b>Total assets</b>	<b>\$ 389,690</b>	<b>73,086</b>	<b>16,452</b>	<b>394,855</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	102,000
Total liabilities	-	-	-	102,000
Fund balances:				
Unreserved	389,690	73,086	16,452	292,855
<b>Total liabilities and fund balances</b>	<b>\$ 389,690</b>	<b>73,086</b>	<b>16,452</b>	<b>394,855</b>

See accompanying independent auditor's report.

Revenue				
Decategorization Grant	Conservation Land Acquisition	Drainage District		Total
34,384	149,588	681		884,409
-	-	-		102,000
-	11	-		31
-	347	-		378
-	-	534		534
2,222	-	-		74,498
<u>36,606</u>	<u>149,946</u>	<u>1,215</u>		<u>1,061,850</u>
9,732	-	-		9,732
838	-	-		838
-	-	-		-
-	-	-		102,000
<u>10,570</u>	<u>-</u>	<u>-</u>		<u>112,570</u>
26,036	149,946	1,215		949,280
<u>36,606</u>	<u>149,946</u>	<u>1,215</u>		<u>1,061,850</u>

Mills County

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

Year ended June 30, 2010

		Resource	County	Special
	Local Option	Enhance-	Recorder's	Urban
	Sales and	ment and	Records	Renewal
	Services Tax	Protection	Management	Revenue
Revenues:				
Local option sales and services tax	\$ 418,679	-	-	-
Tax increment financing	-	-	-	197,039
Intergovernmental	-	16,267	-	-
Charges for service	-	-	3,219	-
Use of money and property	-	569	43	-
Miscellaneous	2,602	-	-	-
Total revenues	421,281	16,836	3,262	197,039
Expenditures:				
Operating:				
Physical health and social services	-	-	-	-
County environment and education	133,454	5,955	-	107,967
Non-program	-	-	-	-
Total expenditures	133,454	5,955	-	107,967
Excess (deficiency) of revenues over (under) expenditures	287,827	10,881	3,262	89,072
Other financing sources (uses):				
Operating transfers out	-	-	-	-
Operating transfers in	(135,780)	-	-	-
Total other financing sources (uses)	(135,780)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	152,047	10,881	3,262	89,072
Fund balances beginning of year	237,643	62,205	13,190	203,783
Fund balances end of year	\$ 389,690	73,086	16,452	292,855

See accompanying independent auditor's report.

Revenue				
Decategorization Grant	Conservation Land Acquisition	Drainage Districts		Total
-	-	-		418,679
-	-	-		197,039
57,473	-	-		73,740
-	-	-		3,219
-	2,043	-		2,655
-	-	65		2,667
57,473	2,043	65		697,999
57,813	-	-		57,813
-	-	-		247,376
-	-	8,070		8,070
57,813	-	8,070		313,259
(340)	2,043	(8,005)		384,740
-	15,000	-		15,000
-	-	-		(135,780)
-	15,000	-		(120,780)
(340)	17,043	(8,005)		263,960
26,376	132,903	9,220		685,320
26,036	149,946	1,215		949,280

Mills County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	1,583	253,257	128,653	6,946	43,964
Other County officials	22,090	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	454	889	32,377	1,510	8,333
Succeeding year	-	169,000	330,000	12,113,000	565,000	2,798,000
Accounts	812	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 22,902</b>	<b>171,037</b>	<b>584,146</b>	<b>12,274,030</b>	<b>573,456</b>	<b>2,850,297</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	1,679	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	5,669	-	-	-
Due to other governments	10,582	171,037	567,677	12,274,030	573,456	2,850,297
Unearned FEMA grant revenue	-	-	-	-	-	-
Trusts payable	12,320	-	-	-	-	-
Compensated absences	-	-	9,121	-	-	-
<b>Total liabilities</b>	<b>\$ 22,902</b>	<b>171,037</b>	<b>584,146</b>	<b>12,274,030</b>	<b>573,456</b>	<b>2,850,297</b>

See accompanying independent auditor's report.

Townships	Auto License and Use Tax	Drainage Districts	City Special Assessments	Other	Total
2,289	364,982	683,926	2,585	297,476	1,785,661
-	-	-	-	-	22,090
721	-	-	-	6	44,290
265,000	-	-	-	55,816	16,295,816
-	-	-	-	100,233	101,045
-	-	628	-	22	650
-	-	-	209,104	-	209,104
-	-	3,365	-	-	3,365
-	-	42,255	-	45,232	87,487
<b>268,010</b>	<b>364,982</b>	<b>730,174</b>	<b>211,689</b>	<b>498,785</b>	<b>18,549,508</b>
-	-	45,135	-	55,179	101,993
-	-	50	-	-	50
-	-	-	-	12,132	17,801
268,010	364,982	673,826	211,689	413,932	18,379,518
-	-	11,163	-	-	11,163
-	-	-	-	-	12,320
-	-	-	-	17,542	26,663
<b>268,010</b>	<b>364,982</b>	<b>730,174</b>	<b>211,689</b>	<b>498,785</b>	<b>18,549,508</b>

Mills 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	\$ 22,454	137,928	526,314	11,330,893	605,826	2,766,866
Additions:						
Property and other county tax	-	169,298	329,907	12,123,187	565,634	2,744,548
E911 surcharges	-	-	-	-	-	-
State tax credits	-	4,929	11,332	401,033	21,648	103,661
Drivers license fees	-	-	-	-	-	-
Office fees and collections	282,227	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	496,533	-	-	-	-	-
Miscellaneous	-	-	3,168	-	-	-
Total additions	<u>778,760</u>	<u>174,227</u>	<u>344,407</u>	<u>12,524,220</u>	<u>587,282</u>	<u>2,848,209</u>
Deductions:						
Agency remittances:						
To other funds	160,691	-	-	-	-	-
To other governments	119,409	141,118	286,575	11,581,083	619,652	2,764,778
Trusts paid out	498,212	-	-	-	-	-
Total deductions	<u>778,312</u>	<u>141,118</u>	<u>286,575</u>	<u>11,581,083</u>	<u>619,652</u>	<u>2,764,778</u>
Balances end of year	<u>\$ 22,902</u>	<u>171,037</u>	<u>584,146</u>	<u>12,274,030</u>	<u>573,456</u>	<u>2,850,297</u>

See accompanying independent auditor's report.

Townships	Auto License and Use Tax	Drainage Districts	City Special Assessments	Other	Total
246,191	316,112	1,144,204	256,150	477,439	17,830,377
267,041	-	-	-	55,730	16,255,345
-	-	-	-	110,965	110,965
8,229	-	-	-	70	550,902
-	72,255	-	-	-	72,255
-	-	-	-	9,152	291,379
-	-	-	-	-	-
-	3,796,940	18,244	(10,261)	15	3,804,938
-	-	-	-	-	496,533
-	-	348,030	-	1,199,387	1,550,585
275,270	3,869,195	366,274	(10,261)	1,375,319	23,132,902
-	102,432	-	-	-	263,123
253,451	3,717,893	780,354	34,200	1,353,973	21,652,486
-	-	-	-	-	498,212
253,451	3,820,325	780,354	34,200	1,353,973	22,413,821
268,010	364,982	730,124	211,689	498,785	18,549,458

Mills County

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

For the Last Ten Years

	Modified Accrual Basis				
	2010	2009	2008	2007	2006
<b>Revenues:</b>					
Property and other county tax	\$ 5,533,676	5,901,680	5,724,908	5,136,830	5,142,550
Local option sales and services tax	418,679	446,670	423,977	461,667	347,818
Tax increment financing	197,039	209,865	210,868	180,487	166,353
Interest and penalty on property tax	64,921	74,311	59,488	69,965	59,729
Intergovernmental	5,269,080	5,264,779	5,424,442	4,852,275	4,759,740
Licenses and permits	126,243	95,701	52,039	57,849	43,714
Charges for service	387,235	420,547	442,920	416,554	415,490
Use of money and property	76,719	192,208	208,813	205,636	129,524
Miscellaneous	137,050	417,523	271,641	118,073	116,027
<b>Total</b>	<b>\$ 12,210,642</b>	<b>13,023,284</b>	<b>12,819,096</b>	<b>11,499,336</b>	<b>11,180,945</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	\$ 2,181,402	2,059,957	2,008,550	1,968,069	1,954,695
Physical health and social services	1,542,707	1,619,650	1,731,452	1,553,540	1,540,540
Mental health	1,263,742	1,436,988	1,627,881	1,481,046	1,387,408
County environment and education	681,949	548,126	1,795,132	732,762	558,373
Roads and transportation	4,849,650	4,317,783	4,013,652	3,846,016	3,781,208
Governmental services to residents	448,367	440,000	433,234	398,924	519,019
Administration	1,240,416	1,125,819	840,129	1,206,796	861,420
Non-program	8,070	6,590	-	-	-
Capital projects	5,141	62,340	1,025,954	321,600	148,344
<b>Total</b>	<b>\$ 12,221,444</b>	<b>11,617,253</b>	<b>13,475,984</b>	<b>11,508,753</b>	<b>10,751,007</b>

See accompanying independent auditor's report.

2005	2004	2003	2002	2001
5,061,577	4,692,704	4,176,656	3,852,699	3,623,625
341,655	460,483	231,893	114,197	-
151,893	81,669	21,389	-	-
67,080	64,520	58,961	64,648	52,016
4,986,813	4,956,091	5,080,119	4,681,784	4,703,172
53,025	41,557	22,341	22,679	20,707
411,805	423,211	377,699	331,182	320,568
91,453	69,780	92,446	148,357	188,656
626,241	153,442	85,203	168,704	134,242
<u>11,791,542</u>	<u>10,943,457</u>	<u>10,146,707</u>	<u>9,384,250</u>	<u>9,042,986</u>
1,845,844	1,844,744	1,757,748	1,681,567	1,563,369
1,530,878	1,519,960	1,576,721	1,749,326	1,598,200
1,345,167	1,256,362	1,291,039	1,301,181	1,317,824
480,879	446,864	394,689	463,264	242,103
3,708,503	3,659,910	3,023,542	3,248,746	3,060,082
403,113	410,654	358,154	359,565	300,839
892,000	868,287	928,735	768,968	805,641
-	-	-	-	-
757,372	66,871	175,531	106,470	234,842
<u>10,963,756</u>	<u>10,073,652</u>	<u>9,506,159</u>	<u>9,679,087</u>	<u>9,122,900</u>

**Schedule 6**

Mills County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
Department of Justice:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-2677	<u>\$ 11,651</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561		<u>9,966</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	07-WS-045	<u>169,081</u>
Department of Justice:			
Governor's Office of Drug Control Policy:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09 JAG/ARRA-220	<u>28,856</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397		<u>23,085</u>
U.S. Department of Health and Human Services:			
Southwest 8 Senior Services:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		<u>1,706</u>
National Family Caregiver Support, Title III, Part E	93.052		<u>1,014</u>
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5889BT22	6,000
Public Health Emergency Preparedness	93.069	5880BT65	<u>81,004</u>
			<u>87,004</u>
Immunization Grants	93.268	5888I455	3,743
Immunization Grants	93.268	5889I450	<u>2,830</u>
			<u>6,573</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5880OB22	<u>41,817</u>
Social Services Block Grant	93.667	5880CO65	<u>10,013</u> **
ARRA - Immunization	93.712	5880I455	<u>3,056</u>
Loess Hills Area Education Agency:			
Promoting Safe and Stable Families	93.556		<u>8,747</u>

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

Iowa Secretary of State:			
Voting Access for Individuals with Disabilities Grants to State	93.617		2,602
University of Iowa:			
Maternal and Child Health Services Block Grant to the States	93.994		7,328
Loess Hills Area Education Agency:			
Temporary Assistanace for Needy Families	93.558		1,543
Community - Based Child Abuse Prevention Grants	93.590		4,500 *
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		5,058 *
Refugee and Entrant Assistance - State Administered Programs	93.566		28
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,608
Foster Care - Title IV-E	93.658		5,324
Adoption Assistance	93.659		1,331
Children's Health Insurance Program	93.767		60
Medical Assistance Program	93.778		11,245
Social Services Block Grant	93.667		5,270
Social Services Block Grant	93.667		57,668
			62,938 **
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-IA-DR1763	191,863
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-IA-DR1763	129,140
			321,003
Emergency Management Performance Grants	97.042		18,296
Homeland Security Grant Program	97.067	2007-GE-T7-0032-004	6,759
Total Indirect			841,541
Total			\$ 853,192

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Mills 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.

\* Total for CFDA Number 93.558 is \$6,601

\*\* Total for CFDA Number 93.667 is \$72,951

**Mills 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 Mills County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mills 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 15, 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 Mills 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 an opinion on the effectiveness of Mills County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mills 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 a deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

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

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-B-10 through II-E-10 to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mills 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.

Mills 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 Mills 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 Mills County and other parties to whom Mills County may report, including federal awarding agencies and pass-through entities, and 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 Mills 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

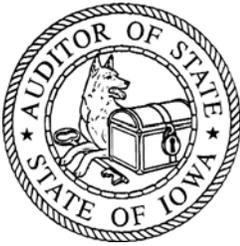


WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 15, 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**

**Mills County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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

To the Officials of Mills County:

Compliance

We have audited Mills 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 Mills County's major federal programs for the year ended June 30, 2010. Mills County's major federal programs are 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 each of its major federal programs is the responsibility of Mills County's management. Our responsibility is to express an opinion on Mills 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 Mills 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 Mills County's compliance with those requirements.

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

Internal Control Over Compliance

The management of Mills 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 Mills 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 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 Mills County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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 Mills County and other parties to whom Mills County may report, including federal awarding agencies and pass-through entities, and 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 15, 2011

Mills 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 a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
  - 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) Mills County did not qualify as a low-risk auditee.

Mills 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 control activities 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.	Treasurer and Recorder
(2) Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash.	Treasurer and Recorder
(3) A listing of cash and checks received is not prepared.	Recorder
(4) Checks are not signed by an individual who does not otherwise participate in the preparation of the checks. The checks and the supporting documentation are not reviewed for propriety prior to signing.	Recorder
(5) Collection, deposit preparation and reconciliation functions are not segregated from the recording and accounting for cash receipts.	Recorder

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 official should utilize current personnel or other County employees to provide additional control through review of financial transactions, reconciliations and reports.

Responses:

County Treasurer – We are currently in the process of moving people around in the office. The office has all deputies at this time so I am the last person to write checks. The tax deputy balances the auto department so she has very limited or no work time in that department. As we hire and are fully staffed again, we will be better able to comply with the segregation recommendations.

Mills County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

County Recorder – Due to the limited number of staff, accounting procedures are limited. We do our best with daily reconciliations.

Conclusions – Responses accepted.

II-B-10 Planning and Zoning - Fees are collected for various applications, permits and inspections done by the planning and zoning department. Payments for these fees are collected and forwarded to the County treasurer by JAS Consulting which is under contract to collect the payments and deposit them with the County. The following were noted:

- (a) Responsibilities for receipt collection, deposit preparation and deposit function are not segregated from those of recording and accounting for receipts.
- (b) The County is not preparing a monthly reconciliation between the monthly collection support and the transactions in the County's accounting system.

Recommendation - The County should review the planning and zoning receipting process and develop policies and procedures to ensure proper segregation of duties. A reconciliation between the monthly collection support and the transactions in the County's accounting system should be developed to ensure all collections are receipted and accounted

Response – The County Engineer will verify receipts and collection of revenues by the JAS Corporation by reconciling, balancing and reporting the information to the County Auditor.

Conclusion – Response accepted.

II-C-10 Tax Increment Financing – The County Auditor does not prepare a reconciliation for each TIF District to reconcile the TIF tax remitted with the amount of debt certified.

Recommendation – The County should prepare a reconciliation for each city to reconcile the yearly TIF tax remitted with the amount of debt certified.

Response – The County Auditor will reconcile and keep up to date records of TIF reporting and payments made. A program has also been installed through the County's software programs which helps balance between the County Auditor and County Treasurer so overpayments are not made to entities requesting TIF dollars.

Conclusion – Response accepted.

II-D-10 Gift Cards – Fuel cards were purchased by the Public Health Department during the year. These cards were subsequently used to help with attendance at group meetings. However, the monitoring performed by the Public Health Department of the usage of the cards was not adequate.

Mills County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – The County should ensure the Public Health Department is adequately tracking gift cards and the purpose of card usage is appropriate.

Response – Fuel cards have been purchased utilizing CIRCLES and Family Matters grant funds. These cards assist low-income families in purchasing gas to attend activities offered by these grant funded programs. The following tracking mechanisms have been implemented effective 1/1/11. Purchase date, store, amount and card number are logged when cards are received. Dispersal data is matched to each card # and indicates date of dispersal, program and participant 1<sup>st</sup> name only (due to confidentiality concerns). Sign-in sheets are available for all activities to provide further confidential data on participant if required. Grant program evaluations are utilized to determine efficiency of incentives in improving attendance and results are reported to grant funders on a quarterly basis.

Conclusion – Response accepted.

II-E-10 Cash Basis Financial Report - The County's financial report was completed and published. However, errors were noted.

Recommendation - The County's cash basis financial report should be corrected and republished.

Response – The County will correct the item that was accidentally omitted from the cash report. This correction will be made, published and the cash report will be amended.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

A special investigation is being performed covering the period January 1, 2005 through March 15, 2011.

Mills 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 reported.

**INTERNAL CONTROL DEFICIENCIES:**

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

Mills County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

- IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted.
- IV-B-10 Questionable Expenditures – Except as noted in 11-D-10, no expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-10 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
C. Lyle Mayberry, Jr., brother of County engineer, owner of Land Surveying Company	Surveying services	\$ 10,770
Kelsey Langel, daughter of Public Health Office Manager, Independent contractor	Temporary receptionist	653
Clint Wright, husband of public health employee, Independent contractor	Facilitator	595
Rhonda White, daughter of General Relief Veterans' Affairs Director, Independent contractor	Cleaning services	240
Kelsey Pavkov, daughter of Public Nursing Director, Independent contractor	Survey assistance	122
Karen O'Dell, sister of Public Health Administrator, Independent contractor	CPR class	75
Walker Langel, son of Public Health Office Manager, Independent contractor	Building maintenance	70

The transactions with Land Surveying Company may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

In accordance with Chapter 331.342(10) of the Code of Iowa, the remaining transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

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

Response – The County will seek legal advice from the County Attorney with regards to conflicts of interest in writing a policy for using the only surveying business available in the County.

Conclusion – Response accepted.

Mills 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 coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-10 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-10 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.

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Mills County

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager  
Brett M. Zeller, Staff Auditor  
Samantha J. Brincks, CPA, Staff Auditor  
Reza Sepehri, Assistant Auditor  
Stephanie A. Sissel, Staff Auditor  
Ann C. McMinimee, Auditor Intern

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State