



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 22, 2012

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

The County had local tax revenue of \$37,594,538 for the year ended June 30, 2011, which included \$1,285,940 in tax credits from the state. The County forwarded \$29,993,498 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,601,040 of the local tax revenue to finance County operations, a 7% increase over the prior year. Other revenues included charges for service of \$3,893,829, operating grants, contributions and restricted interest of \$6,261,151, capital grants, contributions and restricted interest of \$3,759,432, local option sales tax of \$833,991, unrestricted investment earnings of \$108,401 and other general revenues of \$465,639.

Expenses for County operations totaled \$19,707,400, a 6% increase over the prior year. Expenses included \$6,133,641 for roads and transportation, \$3,020,269 for public safety and legal services and \$2,595,672 for County environment and education.

The increase in revenues and expenses is due primarily to an increase in operating grants, contributions and restricted interest to pay for flood related repairs.

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/1110-0008-B00F.pdf>.

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BOONE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

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Boone County

Officials

(Before January 2011)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Michael O'Brien	Board of Supervisors	Jan 2011
Thomas Foster	Board of Supervisors	Jan 2013
William Lusher	Board of Supervisors	Jan 2013
Philippe Meier	County Auditor	Jan 2013
Darcy Bosch	County Treasurer	Jan 2011
Sheryl Thul	County Recorder	Jan 2011
Ronald Fehr	County Sheriff	Jan 2013
Jim Robbins	County Attorney	Jan 2011
D. Kevin Burggraaf	County Assessor	Jan 2016

(After January 2011)

Thomas Foster	Board of Supervisors	Jan 2013
William Lusher	Board of Supervisors	Jan 2013
Steve Duffy	Board of Supervisors	Jan 2015
Philippe Meier	County Auditor	Jan 2013
Darcy Bosch	County Treasurer	Jan 2015
Sheryl Thul	County Recorder	Jan 2015
Ronald Fehr	County Sheriff	Jan 2013
Jim Robbins	County Attorney	Jan 2015
D. Kevin Burggraaf	County Assessor	Jan 2016

Boone County



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Independent Auditor's Report

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Boone County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2012 on our consideration of Boone 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 19 and 54 through 58 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 Boone 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 nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 2, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Boone County provides this Management's Discussion and Analysis of the Boone County fiscal year (FY) 2011 financial statements. The purpose of this portion of the financial report is to discuss an overview of the activities of the year to augment the numbers presented in the balance of the report. It is hoped this section will assist readers in understanding the events that significantly affected the financial position of Boone County as a whole.

This is the ninth year Boone County has reported all activities on a full accrual basis, as required by the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34. This year's financial information will be compared to FY2010 information.

FISCAL YEAR 2011 FINANCIAL HIGHLIGHTS

- Boone County's governmental activities revenues increased \$2,085,968, or 11.1%, compared to FY2010. Taxes levied on property increased \$458,945, or 6.5%, from FY2010.
- Boone County's governmental activities expenses increased \$1,004,085, or 6.1%, compared to FY2010.
- Boone County's net assets increased approximately \$3,216,000 over FY2010, or approximately 7.6%.

USING THIS ANNUAL REPORT

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required and other supplementary information. The financial statements include two kinds of statements that present different views of Boone County.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about Boone County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of Boone County, reporting Boone County's operations in more detail than the government-wide statements.
- The governmental fund financial statements explain how basic services, such as public safety, mental health and secondary road maintenance and construction, were financed in the short term as well as what remains for future spending.
- Proprietary fund financial statements offer short term and long term financial information about activities Boone County operates like a business. In Boone County, the landfill operations and ground water tax are the only enterprises reported as proprietary funds.
- Fiduciary fund financial statements provide information about financial relationships for which Boone County acts solely as a trustee or agent to benefit others. Examples of these funds include Empowerment Funds, Emergency Management Funds and tax funds collected and distributed to schools, cities and other taxing authorities.

The financial statements also include notes to explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of Boone County's budget for FY2011, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan. Other supplementary information provides detailed information about nonmajor governmental funds and Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY AS A WHOLE

Government-wide Financial Statements

The government-wide financial statements report information about Boone County as a whole using accounting methods similar to those used in private-sector companies. The Statement of Net Assets includes all of Boone County's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash was received or paid.

The two government-wide financial statements report Boone County's net assets and how they have changed. Net assets - the difference between Boone County's assets and liabilities - are one way to measure Boone County's financial health or position.

- Over time, increases or decreases in Boone County's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess Boone County's overall financial health, readers need to consider Boone County's property tax base and the condition of its buildings and other facilities.

In the government-wide financial statements, Boone County's activities are divided into two categories:

- **Governmental activities:** Boone County's basic services are included here, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities.
- **Business type activities:** The Boone County Landfill charges fees to cover the services it provides. The Boone County Landfill's financial information is presented here.

Fund Financial Statements

The fund financial statements provide more detailed information about Boone County's funds, focusing on its most significant or "major" funds - not Boone County as a whole. Funds are accounting devices Boone County uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and bond covenants.
- Boone County establishes other funds to control and manage money for particular purposes or to show it is properly using certain revenues, such as federal grants.

Boone County has three types of funds:

1) **Governmental Funds:** Most of Boone County's basic services are included in governmental funds, which generally focus on: 1) How cash and other financial assets which can readily be converted to cash flow in and out and 2) the balances left over at year-end that are available to provide future spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine if there are more or fewer financial resources that can be spent in the near future to finance Boone County's programs. Because this information does not encompass the additional long term focus of the government-wide statements, additional information on Exhibit D and Exhibit F explain the relationship or differences between the two statements. Boone County's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

2) **Proprietary Funds:** Boone County's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. Boone County has two enterprise funds, Landfill Operations Fund and Ground Water Tax Fund.

3) **Fiduciary Funds:** Boone County is the trustee, or fiduciary, for assets belonging to others, such as Trustee Drainage Districts, Emergency Management Services, County Assessor, Empowerment and all the funds necessary to collect and distribute property tax to schools, cities and other taxing authorities. Boone County is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Boone County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds report a liability for amounts due to other governments and, therefore, the fiduciary funds do not report a fund balance.

BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of financial position. Boone County's net assets for FY2011 totaled \$45,530,156. Net assets on June 30, 2010 were \$42,314,073. Net assets increased 7.6% as a result of FY2011 Boone County operations.

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 14,817,493	14,063,946	4,331,252	4,114,655	19,148,745	18,178,601
Capital assets	39,770,987	36,869,054	2,742,131	2,900,532	42,513,118	39,769,586
Total assets	54,588,480	50,933,000	7,073,383	7,015,187	61,661,863	57,948,187
Long-term liabilities	4,979,618	4,924,300	2,441,223	2,284,807	7,420,841	7,209,107
Other liabilities	8,617,891	8,314,782	92,975	110,225	8,710,866	8,425,007
Total liabilities	13,597,509	13,239,082	2,534,198	2,395,032	16,131,707	15,634,114
Net assets:						
Invested in capital assets, net of related debt	36,093,972	32,736,378	2,742,131	2,900,532	38,836,103	35,636,910
Restricted	3,969,800	3,236,528	950,877	991,979	4,920,677	4,228,507
Unrestricted	927,199	1,721,012	846,177	727,644	1,773,376	2,448,656
Total net assets	\$ 40,990,971	37,693,918	4,539,185	4,620,155	45,530,156	42,314,073

Net assets increased \$3,216,083 compared to FY2010. The largest portion of Boone County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less related debt. The major increase this year is due to completion of the bridge on the bike trail in southern Boone County and additional construction projects in secondary roads. The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for spending. Restricted net assets represent resources subject

to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements – total \$1,773,376. Unrestricted net assets decreased \$675,280, or 27.6%, as a result of FY2011 operations.

The following table entitled “Changes in Net Assets of Boone County Activities” compares in greater detail the changes in activity. Looking at the County as a whole, readers will note revenues increased approximately 9.6% and expenses increased approximately 5.5%. Revenues of the County as a whole increased \$2,008,425 compared to FY2010. Operating grants increased \$1,210,122, capital grants increased \$245,938 and represent an increase in funds for secondary roads and FEMA grants for flood related repairs. Charges for service decreased 3.8%, property tax related revenue increased 6.9%, local option sales tax revenue increased 10.6% and other revenue increased 21.3% compared to FY2010. A look at expenses by function reveals public safety expenses increased 6.3%, physical health and social services expenses decreased 6.3%, mental health expenses increased 11.4%, county environment expenses increased 73.3% due to a culvert repair on the high trestle trail, partially offset by FEMA grants, roads and transportation expenses decreased 5.6% due to less construction projects, governmental services to residents expenses decreased 0.14%, administration expenses decreased 6.1%, interest on long term debt increased 6.6% and solid waste expenses increased 1.4% compared to FY2010.

Changes in Net Assets of Boone County Activities						
	Governmental		Business Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for service	\$ 1,835,229	1,983,892	2,058,600	2,061,655	3,893,829	4,045,547
Operating grants, contributions and restricted interest	6,223,277	4,944,668	37,874	106,361	6,261,151	5,051,029
Capital grants, contributions and restricted interest	3,759,432	3,513,494	-	-	3,759,432	3,513,494
General revenues:						
Property tax - general purposes	6,699,858	6,166,978	-	-	6,699,858	6,166,978
Property tax - debt service	583,071	648,796	-	-	583,071	648,796
Tax increment financing	66,419	12,591	-	-	66,419	12,591
Penalty and interest on property tax	144,594	103,742	-	-	144,594	103,742
State tax credits	251,692	268,139	-	-	251,692	268,139
Local option sales tax	833,991	753,944	-	-	833,991	753,944
Grants and contributions not restricted to specific purposes	93,220	89,493	-	-	93,220	89,493
Unrestricted investment earnings	101,030	127,294	7,371	8,872	108,401	136,166
Gain on disposition of capital assets	163,881	65,368	-	7,000	163,881	72,368
Miscellaneous	61,444	52,771	2,500	-	63,944	52,771
Total revenues	20,817,138	18,731,170	2,106,345	2,183,888	22,923,483	20,915,058
Program expenses:						
Public safety and legal services	3,020,269	2,840,307	-	-	3,020,269	2,840,307
Physical health and social services	741,284	790,953	-	-	741,284	790,953
Mental health	2,457,648	2,206,952	-	-	2,457,648	2,206,952
County environment and education	2,595,672	1,497,964	-	-	2,595,672	1,497,964
Roads and transportation	6,133,641	6,500,129	-	-	6,133,641	6,500,129
Governmental services to residents	546,502	547,270	-	-	546,502	547,270
Administration	1,838,819	1,957,765	-	-	1,838,819	1,957,765
Interest on long-term debt	186,250	174,661	-	-	186,250	174,661
Solid waste	-	-	2,187,315	2,158,092	2,187,315	2,158,092
Total expenses	17,520,085	16,516,001	2,187,315	2,158,092	19,707,400	18,674,093
Change in net assets	3,297,053	2,215,169	(80,970)	25,796	3,216,083	2,240,965
Net assets beginning of year	37,693,918	35,478,749	4,620,155	4,594,359	42,314,073	40,073,108
Net assets end of year	\$ 40,990,971	37,693,918	4,539,185	4,620,155	45,530,156	42,314,073

The amounts reported for governmental activities in the Governmental Funds Balance Sheet are different than the Statement of Net Assets because:

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	
Total Governmental Fund Balances	\$ 5,545,561
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 \$66,522,652 and the accumulated depreciation is \$26,751,665.	39,770,987
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	675,926
Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(5,001,503)
Net Assets of Governmental Activities	<u>\$ 40,990,971</u>

The County-wide taxable valuation increased approximately 6.1% and the County's rural taxable valuation increased approximately 8.5%. The budgetary requirements of the General Fund levy required a general basic levy above \$3.50 per \$1,000 of taxable valuation for the sixth time since the Mental Health Fund was created in the early 1990's. The total County-wide levy rate decrease was approximately \$0.01 per \$1,000 of taxable valuation. The total increase in dollars levied County-wide was approximately \$329,000.

The rural County levy rate did not change at \$2.38 per \$1,000 of taxable valuation, but \$129,981 more was levied than for FY2010.

A relatively stagnant property tax base has the potential of putting a governmental entity in financial harm as revenues may not be sufficient to offset the cost of government inflation. Boone County was fortunate to be able to levy enough property tax to remain stable and maintain the essential services County residents expect and deserve. See the detail on property tax in the following table:

	Property Tax Levied	
	FY2011	FY2010
County-wide taxable valuation	\$ 1,124,628,031	1,059,545,463
County-wide levy rate without debt	4.69356	4.60391
Dollars levied without debt	5,278,500	4,878,049
County-wide taxable debt service valuation	1,158,219,106	1,086,971,026
County debt service levy rate	0.52049	0.62038
Dollars levied for debt service	602,844	674,331
Total county-wide rate	5.21405	5.22429
Total dollars levied county-wide	5,881,344	5,552,380
Rural taxable valuation	697,194,361	642,622,213
Rural tax levy rate	2.38183	2.38183
Dollars levied rural area only	1,660,598	1,530,617
Total dollars levied	7,541,942	7,082,997

Governmental Activities

This is the ninth year Boone County has prepared financial statements on a full accrual basis. Management will analyze and compare revenues and expenses detailing percentage increases or decreases and attempt to explain the reasons they occurred.

- Revenues for governmental activities were approximately \$20.8 million in FY2011, which is an 11.1% increase compared to FY2010. Expenses for governmental activities totaled approximately \$17.5 million, an increase of 6.1% compared to FY2010. In a difficult budgeting year, Boone County did a remarkable job trimming expenses to match available revenues, noting the increase in net assets was approximately \$3.3 million for governmental activities in FY2011.
- The local option sales tax revenue of \$833,991 contributed greatly to the increase in net assets of the governmental activities. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax increased 10.6% compared to FY2010. The County believes the local option sales tax revenue indicates the relative economic strength of the local business economy, which reflect an upturn in local economy compared to last year.

Net Cost of Governmental Activities

Function	Expenses	Program Revenues		FY2011 Net Expense or (Revenue)	FY2010 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions		
Public safety and legal services	\$ 3,020,269	569,805	224,626	2,225,838	1,846,500
Physical health and social services	741,284	19,424	213,099	508,761	490,450
Mental health	2,457,648	93,222	1,680,793	683,633	540,601
County environment and education	2,595,672	484,065	2,727,444	(615,837)	(1,195,874)
Roads and transportation	6,133,641	327,928	5,130,371	675,342	2,189,155
Governmental services to residents	546,502	325,200	5,147	216,155	106,268
Administration	1,838,819	15,585	1,229	1,822,005	1,922,186
Interest on long-term debt	186,250	-	-	186,250	174,661
Total	\$ 17,520,085	1,835,229	9,982,709	5,702,147	6,073,947

- The cost of all governmental activities this year was approximately \$17.5 million, up approximately \$1,004,000, or 6.1%, over FY2010.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$1.8 million, decreasing \$148,662, or 7.5%, compared to FY2010.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$10.0 million, up 18.0% compared to FY2010. FEMA projects for the bike trail and secondary roads are reasons for the increase compared to FY2010.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$7,745,634, local option sales tax of \$833,991, unrestricted grants and contributions of \$93,220, unrestricted investment earnings of \$101,030, gain on disposition of capital assets of \$163,881 and other miscellaneous income of \$61,444. Total general revenues for FY2011 were \$8,999,200, up \$710,084, or 8.6%, compared to FY2010.

Business Type Activities

Function	Program Revenues				
	Expenses	Charges for Service	Operating and Capital Grants and Contributions	FY2011 Net Expense or (Revenue)	FY2010 Net Expense or (Revenue)
Solid waste	\$ 2,187,315	2,058,600	37,874	90,841	(9,924)

Program revenues of the Boone County Landfill decreased 3.3% to \$2,096,474 because of a 64.4% reduction in grant revenue while charges for service were approximately \$3,000 behind the FY2010 level. General revenues were 3.8%, or approximately \$6,000, less than FY2010. The revenue reduction was due to lower interest rates and no capital assets were sold in FY2011. Expenses increased 1.4% to approximately \$2.19 million. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- During FY2011, the Boone County Landfill continued disposal in previously developed areas. The Landfill's operating permit renewal was submitted on a timely basis to the Iowa Department of Natural Resources (IDNR) under new landfill rules. Once again, the Landfill completed flood related work and coordinated reimbursement from FEMA. The Landfill purchased a new roll-off truck to haul its own dumpsters and leachate. Two additional "litterbacks" were purchased for litter control. A new crew cab pickup was also purchased. During FY2011, the Landfill also updated its business software.
- The Boone County Landfill purchased 500 roll out carts using funding provided by the IDNR and National Farm Progress Shows. These containers are used every other year at the Boone Farm Progress Show. At any other time, the Landfill is able to utilize these containers at special events for recycling and litter collection.
- Keep Boone County Beautiful (KBCB) continued to offer assistance to area cleanup activities. It again hosted the Dragoon River Romp and Keep Boone County Scenic events.
- The landfill and KBCB continued to be involved in the Don Williams Lake Watershed Improvement Project which received a grant from the IDNR. This two year project commenced on January 1, 2010. Landfill and KBCB staff are involved in the public education components of the project and serve as webmaster for the projects web page hosted on the County's web system.
- During the latter half of FY2011, the Landfill began to plan for handling additional construction and demolition waste due to the June 30, 2011 closure of the Ames/Story C&D landfill. As of July 1, 2011, the Boone County Landfill is the sole remaining landfill in the Central Iowa Waste Management Planning Area.
- The Landfill's comprehensive planning area received approval of its 2009 plan update in February 2010. The IDNR calculated the planning area's landfill waste diversion rate at 55%. The planning area is one of two in the state that exceeds the State of Iowa's 50% diversion goal.

MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

As previously noted, Boone County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Boone County as a whole is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$5,545,561, 1.4% more than last year's total of \$5,470,264.

General Fund

General Fund		
	FY2011	FY2010 (as restated)
Beginning fund balance	\$ 1,918,754	2,021,950
Property tax, including penalty and interest	4,345,356	3,955,854
Local option sales tax	203,498	192,736
Intergovernmental	1,418,185	854,656
Permits and charges for service	943,557	945,480
Interest and use of property	147,635	163,209
Miscellaneous	61,436	47,631
Sale of capital assets	24,733	4,649
Total revenues	7,144,400	6,164,215
Public safety and legal services	3,021,368	2,545,477
Physical health and social services	740,042	790,647
County environment and education	1,387,417	580,171
Governmental services to residents	552,157	541,193
Administration	1,663,071	1,674,514
Capital projects	77,202	135,409
Total expenditures	7,441,257	6,267,411
Ending fund balance	\$ 1,621,897	1,918,754

The amounts presented combine the general basic, general supplemental, FEMA sub-fund for culvert repair, county farm land sale proceeds and conservation land acquisition funds.

Total property tax revenue increased 9.8%. Local option sales tax revenue increased 5.6%, intergovernmental revenue increased 65.9%, reflecting FEMA revenue for culvert repair, revenue from user fees decreased .2% and interest and use of property decreased 9.5% due to lower interest rates received by the County on investments. Total revenues increased 16.0% compared to FY2010.

Total expenditures increased 18.7%, or \$1,173,301, compared to FY2010. Public safety and legal services increased 18.7% reflecting additional staff and fuel costs, county environment and education increased 139.1% reflecting FEMA expenditures for culvert repair and additional conservation expenditures, while the remaining expenditures remained substantially static.

The General fund ending balance is 21.8% of total expenditures for FY2011 compared to 30.6% in FY2010.

Special Revenue Funds

Mental Health Fund		
	FY2011	FY2010
Beginning fund balance	\$ 508,799	112,470
Property tax	838,625	837,373
Intergovernmental - property tax relief	684,828	677,515
Other intergovernmental	1,155,311	1,070,492
Miscellaneous	14,124	11,512
Total revenues	2,692,888	2,596,892
Mental illness	170,872	175,933
Chronic mental illness	961,263	903,298
Mental retardation	1,313,803	1,119,147
Developmental disability	9,254	2,185
Total expenditures	2,455,192	2,200,563
Ending fund balance	\$ 746,495	508,799

Boone County levied the maximum levy established by the Mental Health Fund base year calculation. The FY2011 ending fund balance was 30.4% of FY2011 expenditures compared to 23.1% in FY2010. Revenues increased 3.7% as intergovernmental revenue was \$92,132 more than FY2010. Mental health expenditures were 11.6% higher compared to FY2010.

Rural Services Fund		
	FY2011	FY2010
Beginning fund balance	\$ 525,322	865,672
Property tax	1,607,017	1,475,731
Local option sales tax	610,493	578,208
Intergovernmental	52,618	55,514
Permits, charges for service and miscellaneous	13,908	10,561
Total revenues	2,284,036	2,120,014
Public safety and legal services	-	245,036
County environment and education	316,040	314,301
Governmental services to residents	1,209	1,173
Transfers to other funds	2,059,763	1,899,854
Total expenditures and transfers	2,377,012	2,460,364
Ending fund balance	\$ 432,346	525,322

Property tax revenue for FY2011 was up \$131,286, or 8.9%, due to a significant increase in the value of agricultural land compared to FY2010.

- The local effort for secondary roads was maintained at 90% of the maximum allowed to be levied for secondary roads.
- Local option sales tax revenue in the Rural Services Fund rose to \$610,493, an increase of 5.6% compared to FY2010.
- Total property tax related revenue (\$1,607,017) is less than the amount transferred to Secondary Roads (\$2,059,763) by \$452,746, which means local option sales tax pays for all of the services in the Rural Services Fund and part of the road expenses. This is where rural residents realize direct property tax relief because of the local option sales tax.
- Rural Services Fund ending fund balance now represents approximately 18% of the Rural Services Fund expenditures, including transfers to the Secondary Roads Fund, compared to 21.4% in FY2010. The Board of Supervisors, noting the fund balance declining below 20% in the Rural Services Fund, restored the \$0.10 per \$1,000 levy rate reduction they had established in the FY2010 budget when they prepared the FY2012 budget.

Secondary Roads Fund		
	FY2011	FY2010
Beginning fund balance	\$ 1,898,992	2,473,750
State fuel tax and other state revenue	3,412,377	4,027,149
Permits, charges for service and miscellaneous	90,251	170,508
Sale of capital assets	-	1,087
Transfers from other funds	2,059,763	1,899,854
Total revenues and transfers	5,562,391	6,098,598
Secondary road maintenance	5,254,482	5,514,468
Secondary road construction	199,134	1,158,888
Total expenditures	5,453,616	6,673,356
Ending fund balance	\$ 2,007,767	1,898,992

- Secondary Roads Fund revenue and transfers decreased 8.8% compared to FY2010, which was primarily due to a decrease in road use tax of approximately \$615,000 and transfers increasing approximately \$160,000.
- Secondary Roads Fund expenditures decreased approximately \$1,220,000, or 18.3%, compared to FY2010. Maintenance expenditures decreased 4.7% and construction decreased 82.8%. FY2011 construction was limited to some local grading jobs compared to FY2010, which included recycling 6.4 miles of asphalt roadway and grading jobs.

Total ending fund balance compared to total expenditures increased to 36.8% in FY2010, compared to 28.5% in FY2010.

Debt Service Fund

	FY2011	FY2010
Beginning fund balance	\$ 57,714	38,686
Property tax	583,404	649,522
Intergovernmental	20,109	25,595
General obligation notes issued, net of discount	-	3,174,627
Transfers from other funds	66,173	24,472
Total revenues and transfers	669,686	3,874,216
Administration	-	39,063
Principal	500,000	3,645,000
Interest	142,994	171,125
Total expenditures	642,994	3,855,188
Ending fund balance	\$ 84,406	57,714

The Debt Service Fund accumulates resources and pays the principal and interest on the County’s general obligation bonds and notes. At the end of FY2011, the County had \$4,599,789 of debt outstanding.

Capital Projects Fund

	FY2011	FY2010
Beginning fund balance	\$ 199,747	214,768
Interim financing proceeds	492,180	430,594
County environment and education	497,265	440,697
Capital projects	34,956	-
Transfers to other funds net	-	4,918
Total expenditures	532,221	445,615
Ending fund balance	\$ 159,706	199,747

During the year ended June 30, 2007, the County issued \$1,500,000 of general obligation capital loan notes to purchase land for the site of the Farm Progress Show. The proceeds of the notes were placed in the Capital Projects Fund to account for this major project. The County issued debt in FY2009 to retire the capital loan notes issued for the original purchase of Central Iowa Expo (CIE) Land. The County also agreed to guarantee the first five years of payments on the loan the Central Iowa Expo Board obtained to develop the site and the balance of the loan is guaranteed by USDA. The current CIE Projects fund will become a debt service function fund to accumulate expenditures which will likely have to be converted to county permanent debt if the CIE Board is unable to solicit contributions to pay back the debt subject to this guarantee.

BUSINESS TYPE FUND HIGHLIGHTS

- FY2011 was the Boone County Landfill's 41st year of operations. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level which exceeds regulatory requirements.
- Asbestos waste tipping fees rose \$3.00 per ton per an established formula.
- The IDNR calculated the CIWMA planning area had landfilled 45% of the region's waste. At that time, only two planning areas in the state of Iowa achieved this level of waste diversion.

Landfill Operations Fund

- Landfill Operations Fund revenue was \$1,997,179, an increase of 4.1% compared to FY 2010.
- Operating expenses increased 1.7% compared to FY2010.

Keep Boone County Beautiful Sub-Account

This sub-account (within the Landfill Operations Fund) was started to manage several projects of Landfill interest, including:

The Dragoon River Romp.

Adopt a County Road, City Street or favorite place.

Environmental education.

Keep Boone County Scenic pick up litter day.

Boone County Recycling Center Sub-Account

This sub-account (within the Landfill Operations Fund) was started to manage expenses associated with the Boone County Recycling Center.

Landfill Closure/Postclosure Sub-Account

- The Closure/Postclosure Account has assets totaling \$3,266,354. The fund is now fully funded in accordance with IDNR requirements.
- No closure/postclosure costs were expended from this account during FY2011.

Ground Water Tax Fund (Local Portion of Tip Fee Surcharge)

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the tonnage received by the Landfill subject to the surcharge. It should be noted tonnage received due to exceptional events are exempt from the state surcharge. The County's share of ground water surcharge decreased 3.60% to \$63,921 compared to FY2010.

Due in most part to a restricting of the Landfill's accounts, expenses decreased 36.4% compared to FY2010 and include funding for:

- A portion of recyclables processing costs carried out by Genesis Development.
- Mobile Watershed Education Center.
- Special event advertising.
- Educational materials.
- The annual updating of our financial assurance funding study.

BUDGETARY HIGHLIGHTS

On June 1, 2011, the County Board of Supervisors amended the original FY2011 budget for the following:

- Increased intergovernmental receipts of \$83,100 to recognize various grants obtained this year not originally budgeted.
- Increased general long-term debt proceeds of \$2,400,000 to finance county obligations of the CIE. This actually happened in FY2012
- Increased public safety and legal services \$15,267 to add spending authority to the Sheriff's office for insurance receipts related to car maintenance expenses.
- Increased physical health and social services function disbursements \$62,100 for additional public health and veterans grant funding.
- Increased Mental Health Fund expenditures to reflect the \$21,000 additional revenue for mental health administration.
- Increased county environment and education \$498,000 to reflect expenses for the CIE loan guarantee for economic development.
- Increased debt service expenditures net of reclassification of previous expenditures discussed above and estimated issuance costs for refinancing the obligation. As previously discussed, the actual refinancing happened in FY2012.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$17,136,500 were \$4,267,236 less than the amended budget. Receipts were \$1,737,625 less than the amended budget.

CAPITAL ASSETS

Boone County's governmental and business type activities concluded FY2011 with \$42,513,118 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

In FY2004, Boone County issued general obligation bonds of \$4,835,000 for the purpose of refinancing the original jail project bonds. The County's bond rating for the refinancing issue is Aa3. The bond rating firm requires a higher ending fund balance than the County has determined necessary to receive a higher bond rating. During FY2010, the County issued general obligation capital loan notes of \$3,190,000 for the purpose of refinancing the jail bonds.

In prior years, the County borrowed \$400,000 through a general obligation capital loan note to construct a twelve office addition to the Department of Human Services building and \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during FY2009. The balances due on June 30, 2011 for the general obligation capital loan notes are \$90,000 and \$1,430,000, respectively.

To help establish the Central Iowa Expo (CIE) in Boone County, the County guaranteed part of a debt the CIE has with Community Bank of Boone. As of June 30, 2011 the County has borrowed and remitted \$922,744 to Community Bank of Boone on behalf of CIE.

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

FACTORS BEARING ON THE FUTURE

Boone County's elected and appointed officials and citizens considered many factors when setting the FY2012 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 14,570 for calendar year 2011. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2011 was 5.3% versus 6.1% a year before. This compares with the State's unemployment rate of 6.0% for the same period ended June 30, 2011.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with an additional 3.2% of property tax dollars compared to FY2011. The actual dollar increase from FY2011 to FY2012 is \$240,032.

The above factors were all part of the considerations for the FY2012 budget, which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars)

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 4,541,167	2.9%
Mental Health Fund	869,169	0.2%
Rural Services Fund	1,793,081	8.0%
Debt Service Fund	578,530	-4.0%
Total	\$ 7,781,974	9.9%

Boone County attempted to maintain the current level of services as the FY2012 budget was developed. Levy rates (expressed in \$/\$1,000 taxable valuation) to produce the above dollars for FY2012 are as follows:

General basic levy	\$ 3.50000
General supplemental levy	0.46283
Mental health levy	0.75850
Rural services basic levy	2.48183
Debt service levy	0.48419

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demand for county services. The county-wide taxable valuation for the FY2012 budget exceeds \$1 billion for the third time in County history.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Boone County citizens, taxpayers, customers, investors and creditors with a general overview of Boone County's finances and to demonstrate Boone County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Boone County Auditor's Office, 201 State Street, Boone, Iowa 50036.

Basic Financial Statements

Boone County
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 4,780,930	941,070	5,722,000
Cash and pooled investments - restricted	-	3,261,376	3,261,376
Receivables:			
Property tax:			
Delinquent	22,174	-	22,174
Succeeding year	7,598,000	-	7,598,000
Interest and penalty on property tax	67,678	-	67,678
Accounts	35,697	150,569	186,266
Accrued interest	7,922	4,978	12,900
Drainage assessment	16,001	-	16,001
Road assessments	61,122	-	61,122
Loan	100,000	-	100,000
Internal balances	34,307	(34,307)	-
Due from other governments	1,241,258	1,567	1,242,825
Inventories	784,849	-	784,849
Prepaid insurance	67,555	5,999	73,554
Capital assets (net of accumulated depreciation)	39,770,987	2,742,131	42,513,118
Total assets	54,588,480	7,073,383	61,661,863
Liabilities			
Accounts payable	702,251	46,046	748,297
Accrued interest payable	21,885	-	21,885
Salaries and benefits payable	81,413	7,226	88,639
Due to other governments	57,573	25,311	82,884
Unearned revenue:			
Succeeding year property tax	7,598,000	-	7,598,000
Other	156,769	14,393	171,162
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds and notes	505,000	-	505,000
SWAP loan	-	10,233	10,233
Compensated absences	365,437	28,901	394,338
Portion due or payable after one year:			
General obligation bonds and notes	3,172,015	-	3,172,015
General obligation anticipation project note	922,774	-	922,774
SWAP loan	-	11,089	11,089
Estimated liability for landfill closure and postclosure care	-	2,388,795	2,388,795
Net OPEB liability	14,392	2,204	16,596
Total liabilities	13,597,509	2,534,198	16,131,707
Net Assets			
Invested in capital assets, net of related debt	36,093,972	2,742,131	38,836,103
Restricted for:			
Supplemental levy purposes	120,663	-	120,663
Secondary roads purposes	2,255,463	-	2,255,463
Law enforcement	135,024	-	135,024
Mental health purposes	725,709	-	725,709
Other purposes	732,941	73,318	806,259
Unrestricted	927,199	1,723,736	2,650,935
Total net assets	\$ 40,990,971	4,539,185	45,530,156

See notes to financial statements.

Boone County
Statement of Activities
Year ended June 30, 2011

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 3,020,269	569,805	224,626	-
Physical health and social services	741,284	19,424	213,099	-
Mental health	2,457,648	93,222	1,680,793	-
County environment and education	2,595,672	484,065	748,182	1,979,262
Roads and transportation	6,133,641	327,928	3,350,201	1,780,170
Governmental services to residents	546,502	325,200	5,147	-
Administration	1,838,819	15,585	1,229	-
Interest on long-term debt	186,250	-	-	-
Total governmental activities	17,520,085	1,835,229	6,223,277	3,759,432
Business type activities:				
Solid waste	2,187,315	2,058,600	37,874	-
Total	\$ 19,707,400	3,893,829	6,261,151	3,759,432

General Revenues:

Property and other county tax levied for:

- General purposes
- Debt service
- Tax increment financing

Penalty and interest on property tax

State tax credits

Local option sales tax

Grants and contributions not restricted to specific purposes

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(2,225,838)	-	(2,225,838)
(508,761)	-	(508,761)
(683,633)	-	(683,633)
615,837	-	615,837
(675,342)	-	(675,342)
(216,155)	-	(216,155)
(1,822,005)	-	(1,822,005)
(186,250)	-	(186,250)
(5,702,147)	-	(5,702,147)
-	(90,841)	(90,841)
(5,702,147)	(90,841)	(5,792,988)
6,699,858	-	6,699,858
583,071	-	583,071
66,419	-	66,419
144,594	-	144,594
251,692	-	251,692
833,991	-	833,991
93,220	-	93,220
101,030	7,371	108,401
163,881	-	163,881
61,444	2,500	63,944
8,999,200	9,871	9,009,071
3,297,053	(80,970)	3,216,083
37,693,918	4,620,155	42,314,073
\$ 40,990,971	4,539,185	45,530,156

Boone County
Balance Sheet
Governmental Funds

June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,609,982	906,375	373,012	1,158,125
Receivables:				
Property tax:				
Delinquent	14,490	2,774	3,100	-
Succeeding year	4,390,000	840,000	1,735,000	-
Penalty and interest on property tax	67,678	-	-	-
Accounts	10,522	442	-	16,873
Accrued interest	7,708	-	-	-
Drainage assessments	-	-	-	-
Road assessments	-	-	-	61,122
Loan	100,000	-	-	-
Due from other funds	32,297	-	-	7,239
Due from other governments	497,919	7,433	133,200	602,146
Inventories	-	-	-	784,849
Prepaid insurance	32,508	-	-	35,047
Total assets	\$ 6,763,104	1,757,024	2,244,312	2,665,401
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 426,422	119,975	35,081	116,765
Salaries and benefits payable	43,737	2,264	2,043	33,369
Due to other funds	2,097	-	3,014	157
Due to other governments	10,912	45,576	-	-
Deferred revenue:				
Succeeding year property tax	4,390,000	840,000	1,735,000	-
Other	268,039	2,714	36,828	507,343
Total liabilities	5,141,207	1,010,529	1,811,966	657,634
Fund balances:				
Nonspendable:				
Prepaid expenditures	32,508	-	-	35,047
Inventories	-	-	-	784,849
Restricted for:				
Supplemental levy purposes	119,007	-	-	-
Mental health purposes	-	746,495	-	-
Rural services purposes	-	-	432,346	-
Secondary roads purposes	-	-	-	1,187,871
Conservation land acquisition/capital improvements	33,356	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Law enforcement	135,024	-	-	-
Other purposes	-	-	-	-
Unassigned	1,302,002	-	-	-
Total fund balances	1,621,897	746,495	432,346	2,007,767
Total liabilities and fund balances	\$ 6,763,104	1,757,024	2,244,312	2,665,401

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
84,366	156,682	492,388	4,780,930
1,810	-	-	22,174
560,000	-	73,000	7,598,000
-	-	-	67,678
-	3,024	4,836	35,697
-	-	214	7,922
-	-	16,001	16,001
-	-	-	61,122
-	-	-	100,000
-	-	39	39,575
-	-	560	1,241,258
-	-	-	784,849
-	-	-	67,555
646,176	159,706	587,038	14,822,761
-	-	4,008	702,251
-	-	-	81,413
-	-	-	5,268
-	-	1,085	57,573
560,000	-	73,000	7,598,000
1,770	-	16,001	832,695
561,770	-	94,094	9,277,200
-	-	-	67,555
-	-	-	784,849
-	-	-	119,007
-	-	-	746,495
-	-	-	432,346
-	-	-	1,187,871
-	-	-	33,356
84,406	-	259	84,665
-	159,706	-	159,706
-	-	-	135,024
-	-	492,685	492,685
-	-	-	1,302,002
84,406	159,706	492,944	5,545,561
646,176	159,706	587,038	14,822,761

Boone County

Boone County

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

June 30, 2011

Total governmental fund balances (page 25) \$ 5,545,561

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 \$66,522,652 and the accumulated depreciation is \$26,751,665. 39,770,987

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 675,926

Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,001,503)

Net assets of governmental activities (page 21) \$ 40,990,971

See notes to financial statements.

Boone County

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

Year ended June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,266,555	838,625	1,607,017	-
Local option sales tax	203,498	-	610,493	-
Penalty and interest on property tax	78,801	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	1,418,185	1,840,139	52,618	3,412,377
Licenses and permits	16,050	-	-	1,680
Charges for service	927,507	-	13,888	860
Use of money and property	147,635	-	-	-
Miscellaneous	61,436	14,124	20	87,711
Total revenues	<u>7,119,667</u>	<u>2,692,888</u>	<u>2,284,036</u>	<u>3,502,628</u>
Expenditures:				
Operating:				
Public safety and legal services	3,021,368	-	-	-
Physical health and social services	740,042	-	-	-
Mental health	-	2,455,192	-	-
County environment and education	1,387,417	-	316,040	-
Roads and transportation	-	-	-	5,254,482
Governmental services to residents	552,157	-	1,209	-
Administration	1,663,071	-	-	-
Debt service	-	-	-	-
Capital projects	77,202	-	-	199,134
Total expenditures	<u>7,441,257</u>	<u>2,455,192</u>	<u>317,249</u>	<u>5,453,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(321,590)</u>	<u>237,696</u>	<u>1,966,787</u>	<u>(1,950,988)</u>
Other financing sources (uses):				
Sale of capital assets	24,733	-	-	-
Operating transfers in	-	-	-	2,059,763
Operating transfers out	-	-	(2,059,763)	-
Interim financing proceeds	-	-	-	-
Total other financing sources (uses)	<u>24,733</u>	<u>-</u>	<u>(2,059,763)</u>	<u>2,059,763</u>
Net change in fund balances	(296,857)	237,696	(92,976)	108,775
Fund balances beginning of year, as restated	1,918,754	508,799	525,322	1,898,992
Fund balances end of year	<u>\$ 1,621,897</u>	<u>746,495</u>	<u>432,346</u>	<u>2,007,767</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
583,404	-	-	7,295,601
-	-	-	813,991
-	-	-	78,801
-	-	66,419	66,419
20,109	-	9,398	6,752,826
-	-	-	17,730
-	-	5,147	947,402
-	-	957	148,592
-	-	224,520	387,811
603,513	-	306,441	16,509,173
-	-	29,464	3,050,832
-	-	-	740,042
-	-	-	2,455,192
-	497,265	77,969	2,278,691
-	-	-	5,254,482
-	-	827	554,193
-	-	-	1,663,071
642,994	-	-	642,994
-	34,956	-	311,292
642,994	532,221	108,260	16,950,789
(39,481)	(532,221)	198,181	(441,616)
-	-	-	24,733
66,173	-	-	2,125,936
-	-	(66,173)	(2,125,936)
-	492,180	-	492,180
66,173	492,180	(66,173)	516,913
26,692	(40,041)	132,008	75,297
57,714	199,747	360,936	5,470,264
84,406	159,706	492,944	5,545,561

Boone County

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

Year ended June 30, 2011

Net change in fund balances - Total governmental funds (page 29) \$ 75,297

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

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

Expenditures for capital assets	\$ 1,234,367	
Capital assets contributed by the Iowa Department of Transportation	1,779,932	
Capital assets contributed by the Polk County Conservation Commission	1,979,262	
Depreciation expense	<u>(2,255,509)</u>	2,738,052

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. 163,881

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	5,181	
Other	<u>368,879</u>	374,060

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities. 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. Current year debt issuances exceeded repayments, as follows:

Issued	(492,180)	
Repaid	<u>455,661</u>	(36,519)

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	(20,800)	
Other postemployment benefits	2,001	
Interest on long-term debt	<u>1,081</u>	<u>(17,718)</u>

Change in net assets of governmental activities (page 23) \$ 3,297,053

See notes to financial statements.

Boone County
Statement of Net Assets
Proprietary Funds

June 30, 2011

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water Tax	
Assets			
Cash and pooled investments	\$ 883,549	57,521	941,070
Cash and pooled investments - restricted	3,261,376	-	3,261,376
Receivables:			
Accounts	150,569	-	150,569
Accrued interest	4,978	-	4,978
Due from other funds	683	16,874	17,557
Due from other governments	1,567	-	1,567
Prepaid insurance	5,999	-	5,999
Capital assets, net of accumulated depreciation	2,742,131	-	2,742,131
Total assets	7,050,852	74,395	7,125,247
Liabilities			
Accounts payable	44,969	1,077	46,046
Salaries and benefits payable	7,226	-	7,226
Due to other funds	51,864	-	51,864
Due to other governments	25,311	-	25,311
Unearned revenue	14,393	-	14,393
Long-term liabilities:			
Portion due or payable within one year:			
SWAP loan	10,233	-	10,233
Compensated absences	28,901	-	28,901
Portion due or payable after one year:			
SWAP loan	11,089	-	11,089
Estimated liability for landfill closure and postclosure care	2,388,795	-	2,388,795
Net OPEB liability	2,204	-	2,204
Total liabilities	2,584,985	1,077	2,586,062
Net Assets			
Invested in capital assets	2,742,131	-	2,742,131
Restricted for:			
Ground water tax purposes	-	73,318	73,318
Landfill closure and postclosure care	877,559	-	877,559
Unrestricted	846,177	-	846,177
Total net assets	\$ 4,465,867	73,318	4,539,185

See notes to financial statements.

Exhibit H

Boone County

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

Year ended June 30, 2011

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water Tax	
Operating revenues:			
Charges for service	\$ 1,680,470	63,921	1,744,391
Per capita fees	178,940	-	178,940
Solid waste fees	117,030	-	117,030
Miscellaneous	20,739	-	20,739
Total operating revenues	1,997,179	63,921	2,061,100
Operating expenses:			
Salaries and wages	409,138	-	409,138
Payroll tax	58,819	-	58,819
Fringe benefits	66,878	-	66,878
Fuel	126,157	-	126,157
Travel	23,283	-	23,283
Utilities	21,470	-	21,470
Insurance	33,572	-	33,572
Solid waste fees remitted to the Iowa Department of Natural Resources and the Ground Water Tax Fund	159,802	-	159,802
Education and training	39,709	-	39,709
Equipment	205,272	-	205,272
Engineering	92,490	-	92,490
Maintenance and repair Operations	35,681	-	35,681
Depreciation	78,488	-	78,488
Dues and membership	353,793	-	353,793
Hauling	4,718	-	4,718
Accounting	132,888	-	132,888
Recycling	15,922	-	15,922
Gravel	4,083	37,892	41,975
Leachate hauling and treatment	39,750	-	39,750
Adjustment to estimated liability for landfill closure and postclosure care	108,090	-	108,090
Total operating expenses	162,978	-	162,978
Operating income (loss)	2,172,981	37,892	2,210,873
Non-operating revenues:			
FEMA grant	(175,802)	26,029	(149,773)
Interest income	37,874	-	37,874
Total non-operating revenues	30,929	-	30,929
Change in net assets	68,803	-	68,803
Net assets beginning of year	(106,999)	26,029	(80,970)
Net assets end of year	4,572,866	47,289	4,620,155
	\$ 4,465,867	73,318	4,539,185

See notes to financial statements.

Boone County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water Tax	
Cash flows from operating activities:			
Cash received from gate fees	\$ 1,796,325	-	1,796,325
Cash received from per capita fees	178,940	-	178,940
Cash received from other operating receipts	125,533	63,921	189,454
Cash paid to suppliers for goods and services	(1,151,166)	(38,724)	(1,189,890)
Cash paid to employees for services	(529,042)	-	(529,042)
Net cash provided by operating activities	420,590	25,197	445,787
Cash flows from noncapital financing activities:			
Nonoperating noncapital grants	33,776	-	33,776
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(195,391)	-	(195,391)
Proceeds received from SWAP loan/grant	18,489	-	18,489
Repayment of SWAP loan	(10,233)	-	(10,233)
Net cash used by capital and related financing activities	(187,135)	-	(187,135)
Cash flows from investing activities:			
Interest received on investments	31,974	-	31,974
Net increase in cash and cash equivalents	299,205	25,197	324,402
Cash and cash equivalents beginning of year	3,845,720	32,324	3,878,044
Cash and cash equivalents end of year	\$ 4,144,925	57,521	4,202,446
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (175,802)	26,029	(149,773)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	353,793	-	353,793
Closure and postclosure care	162,978	-	162,978
Changes in assets and liabilities:			
Decrease in accounts receivable	(1,175)	-	(1,175)
Decrease in due from other governments	104,794	-	104,794
Decrease (increase) in due from other funds	8,188	(338)	7,850
Increase in prepaid insurance	(472)	-	(472)
Decrease in accounts payable	(32,687)	-	(32,687)
Increase (decrease) in salaries payable	2,122	(394)	1,728
Decrease in due to other funds	(4,237)	-	(4,237)
(Decrease) increase in due to other governments	(584)	(100)	(684)
Increase in net OPEB liability	221	-	221
Increase in compensated absences	3,451	-	3,451
Total adjustments	596,392	(832)	595,560
Net cash provided by operating activities	\$ 420,590	25,197	445,787

See notes to financial statements.

Boone County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

Assets

Cash and pooled investments:	
County Treasurer	\$ 2,179,066
Other County officials	40,533
Receivables:	
Property tax:	
Delinquent	106,751
Succeeding year	28,933,000
Accounts	153,795
Special assessments	414,716
Due from other governments	209,540
Prepaid insurance	2,473
Total assets	<u>32,039,874</u>

Liabilities

Accounts payable	103,135
Salaries and benefits payable	17,335
Due to other funds	1,196
Due to other governments	31,350,933
Trusts payable	486,547
Compensated absences	80,728
Total liabilities	<u>32,039,874</u>

Net assets \$ -

See notes to financial statements.

Boone County

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

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

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

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Boone County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Boone 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: Boone County Assessor’s Conference Board, Boone County Emergency Management Commission, County Community Services and the Boone County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor 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 the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

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

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

Additionally, the County reports the following funds:

Proprietary Fund - The Landfill Operations Fund is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The fund is also used to accumulate resources to fund the closure and postclosure care costs of the Landfill.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds are charges to customers for sanitary landfill services. Operating expenses for Enterprise Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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.

Road Assessments Receivable – Road assessments receivable represents amounts assessed to 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. In the governmental funds, road assessments receivable represents assessments which are due and payable but have not been collected.

Special Assessments Receivable – Special assessments receivable represents 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 represents assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County) are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25-50
Land improvements	10-50
Infrastructure, road network	10-65
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	3 - 15

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

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the road and transportation function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 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.

At June 30, 2011, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$178,243 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Rural Services	\$ 225
	Secondary Roads	157
	Enterprise:	
	Landfill Operations	31,915
		<u>32,297</u>
Special Revenue:	General	1,375
Secondary Roads	Special Revenue:	
	Rural Services	2,789
	Enterprise:	
	Landfill Operations	3,075
		<u>7,239</u>
County Recorder's Records Management	General	<u>39</u>
Enterprise:		
Landfill Operations	General	<u>683</u>
	Enterprise:	
Ground Water Tax	Landfill Operations	<u>16,874</u>
Total		<u>\$ 57,132</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 2,059,763
Debt Service	County TIF Project	66,173
Total		<u>\$ 2,125,936</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,813,085	-	-	1,813,085
Construction in progress	4,094,728	4,090,723	(7,046,359)	1,139,092
Total capital assets not being depreciated	<u>5,907,813</u>	<u>4,090,723</u>	<u>(7,046,359)</u>	<u>2,952,177</u>
Capital assets being depreciated:				
Buildings	6,039,710	-	-	6,039,710
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	9,189,362	1,099,732	(766,959)	9,522,135
Infrastructure, other	-	6,062,513	-	6,062,513
Infrastructure, road network	40,710,557	983,846	-	41,694,403
Total capital assets being depreciated	<u>56,191,343</u>	<u>8,146,091</u>	<u>(766,959)</u>	<u>63,570,475</u>
Less accumulated depreciation for:				
Buildings	1,488,071	145,217	-	1,633,288
Improvements other than buildings	49,288	6,293	-	55,581
Equipment and vehicles	8,032,899	790,963	(733,946)	8,089,916
Infrastructure, other	-	305,731	-	305,731
Infrastructure, road network	15,659,844	1,007,305	-	16,667,149
Total accumulated depreciation	<u>25,230,102</u>	<u>2,255,509</u>	<u>(733,946)</u>	<u>26,751,665</u>
Total capital assets being depreciated, net	<u>30,961,241</u>	<u>5,890,582</u>	<u>(33,013)</u>	<u>36,818,810</u>
Governmental activities capital assets, net	<u>\$ 36,869,054</u>	<u>9,981,305</u>	<u>(7,079,372)</u>	<u>39,770,987</u>
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 488,499	-	-	488,499
Capital assets being depreciated:				
Buildings	443,091	-	-	443,091
Equipment and vehicles	3,152,678	195,391	(13,700)	3,334,369
Infrastructure	1,573,884	-	-	1,573,884
Total capital assets being depreciated	<u>5,169,653</u>	<u>195,391</u>	<u>(13,700)</u>	<u>5,351,344</u>
Less accumulated depreciation for:				
Buildings	139,521	11,077	-	150,598
Equipment and vehicles	2,117,117	266,614	(13,700)	2,370,031
Infrastructure	500,982	76,101	-	577,083
Total accumulated depreciation	<u>2,757,620</u>	<u>353,792</u>	<u>(13,700)</u>	<u>3,097,712</u>
Total capital assets being depreciated, net	<u>2,412,033</u>	<u>(158,401)</u>	<u>-</u>	<u>2,253,632</u>
Business type activities capital assets, net	<u>\$ 2,900,532</u>	<u>(158,401)</u>	<u>-</u>	<u>2,253,632</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 86,891
County environment and education		331,431
Roads and transportation		1,550,278
Administration		286,909
		<u>2,255,509</u>
Total depreciation expense - governmental activities		\$ 2,255,509
Business type activities:		
Landfill operations		\$ 353,793
		<u>353,793</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 10,912
Special Revenue:		
Mental Health	Services	45,576
Task Force	Services	542
Attorney Drug Prosecution	Services	543
		<u>46,661</u>
	Total for governmental funds	\$ 57,573
Agency:		
Agricultural Extension Education	Collections	\$ 191,796
County Assessor		911,693
Schools		18,550,918
Community Colleges		669,447
Corporations		8,000,733
Townships		369,485
Auto License and Use Tax		745,034
Special Assessments		430,617
County Hospital		1,039,277
E911		418,180
All other		23,753
	Total for agency funds	\$ 31,350,933

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Governmental Activities				
	General Obligation Capital Loan Notes	General Obligation Anticipation Project Note	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 4,132,676	430,594	344,637	16,393	4,924,300
Increases	-	492,180	278,659	10,167	781,006
Decreases	455,661	-	257,859	12,168	725,688
Balance end of year	\$ 3,677,015	922,774	365,437	14,392	4,979,618
Due within one year	\$ 505,000	-	365,437	-	870,437

	Business Type Activities				
	SWAP Loan	Compen- sated Absences	Closure and Postclosure Care	Net OPEB Liability	Total
Balance beginning of year	\$ 31,556	25,451	2,225,817	1,983	2,284,807
Increases	-	31,068	162,978	221	194,267
Decreases	10,233	27,618	-	-	37,851
Balance end of year	\$ 21,323	28,901	2,388,795	2,204	2,441,223
Due within one year	\$ 10,233	28,901	-	-	39,134

General Obligation Capital Loan Notes

A summary of the County's June 30, 2011 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Capital Loan Note, Series 2010			Capital Loan Note, Series 2009A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	1.00%	\$ 375,000	47,330	4.50%	\$ 40,000	82,000
2013	1.30	380,000	43,580	4.50	45,000	80,200
2014	1.65	390,000	38,640	4.50	50,000	78,175
2015	2.10	400,000	32,205	4.50	50,000	75,925
2016	2.40	400,000	23,805	4.75	55,000	73,675
2017-2021	2.70-3.00	515,000	17,205	5.00-5.70	335,000	322,005
2022-2026	-	-	-	5.80-6.20	480,000	211,250
2027-2029	-	-	-	6.30-6.50	375,000	49,570
Total		\$ 2,460,000	202,765 *		\$ 1,430,000	972,800

Year Ending June 30,	Capital Loan Note, Series 2006					
	Interest			Total		
	Rates	Principal	Interest	Principal	Interest	Total
2012	4.40%	\$ 90,000	3,960	505,000	133,290	638,290
2013		-	-	425,000	123,780	548,780
2014		-	-	440,000	116,815	556,815
2015		-	-	450,000	108,130	558,130
2016		-	-	455,000	97,480	552,480
2017-2021		-	-	850,000	339,210	1,189,210
2022-2026		-	-	480,000	211,250	691,250
2027-2029		-	-	375,000	49,570	424,570
Total		\$ 90,000	3,960	3,980,000	1,179,525	5,159,525

* The Series 2010 Notes had unamortized discount totaling \$302,985 at June 30, 2011.

During the year ended June 30, 2011, the County retired \$500,000 of capital loan notes.

General Obligation Capital Loan Anticipation Project Notes

On April 1, 2009, the County authorized the issuance of \$2,700,000 of general obligation capital loan anticipation project notes, Series 2009B with a variable interest rate equal to the prime rate, but not less than 4.0% per annum, to Boone Bank & Trust Company. The proceeds are to be used to guarantee the principal and interest on a loan Central Iowa Expo, Inc. has with Community Bank of Boone. The notes mature on April 1, 2014. At that time, the County will repay the notes with an issuance of general obligation capital loan notes. On March 14, 2007 and May 14, 2008, the County authorized the issuance of not to exceed \$3,500,000 and not to exceed \$800,000 of general obligation capital loan notes, respectively. The County has previously issued \$1,550,000 of general obligation capital loan notes pursuant to this authorization. As of June 30, 2011, the County has drawn \$922,774 and remitted \$922,774 to Community Bank of Boone on behalf of Central Iowa Expo, Inc. The County paid interest of \$28,921 on the notes. The County does not anticipate Central Iowa Expo will be able to repay this loan and, therefore, a loan receivable has not been established.

Solid Waste Alternative Program (SWAP) Loans

In April 2010, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of purchasing recycling collection containers. The agreement awarded up to \$18,675 in the form of a forgivable zero interest loan. At June 30, 2011, all conditions were achieved for loan forgiveness.

In September 2009, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of purchasing a recycling collection truck. The agreement, as amended, awarded a total of \$30,219 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$10,219. The term of the zero interest loan is 48 months and requires quarterly payments of \$852, which began April 15, 2010. At June 30, 2011, there were no unmet conditions to be achieved for loan forgiveness. The balance outstanding on the zero interest loan at June 30, 2011 was \$5,961.

In December 2008, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of expanding the County's recycling program. The agreement, as amended, awarded a total of \$47,309 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$27,309. The term of the zero interest loan is 48 months and requires quarterly payments of \$1,707, which began October 15, 2009. At June 30, 2011, there were no unmet conditions to be achieved for loan forgiveness. The balance outstanding on the zero interest loan at June 30, 2011 was \$15,362.

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% 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, 2011, 2010 and 2009 were \$471,029, \$426,639 and \$391,129, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 128 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 10,158
Interest on net OPEB obligation	827
Adjustment to annual required contributions	(597)
Annual OPEB cost	<u>10,388</u>
Contribution made	<u>(12,168)</u>
Decrease in net OPEB obligation	(1,780)
Net OPEB obligation beginning of year	<u>18,376</u>
Net OPEB obligation end of year	<u>\$ 16,596</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$12,168 to the medical plan. Plan members eligible for benefits contributed \$24,336, or 66.7% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$10,158	0.0%	\$ 10,158
2010	10,084	18.5	18,376
2011	10,388	117.0	16,596

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$73,757, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,757. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,595,000 and the ratio of UAAL to covered payroll was 1.1%. As of June 30, 2011, 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term

volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return 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 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. 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 \$436 per month for retirees less than age 65 and \$976 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9, \$417 per month for retirees less than age 65 and \$934 per month for family plans of retirees less than age 65 under ISAC plan 10 and \$397 per month for retirees less than age 65 and \$888 per month for family plans of retirees less than age 65 under ISAC plan 13. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 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 150 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, 2011 were \$153,184.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, 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 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 capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual 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 \$1,000,000, 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.

(11) Senior Living Facility Revenue Notes

The County has entered into a loan agreement to borrow not to exceed \$7,000,000 to construct and equip a 100 bed replacement nursing facility. The loan agreement was entered into pursuant to the authority contained in Chapter 419 of the Code of Iowa and does not constitute a general obligation of the County.

(12) Loans to County Community Service Case Management Fund

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 with another \$15,000 in October 2006 for necessary cash flow. The County is establishing formal repayment schedules for the loans. At June 30, 2011, neither loan had been repaid.

(13) Closure and Postclosure Care

To comply with federal and state regulations, the Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Boone County Landfill have been estimated at \$1,653,600 for closure and \$1,587,000 for postclosure care, for a total of \$3,240,600 as of June 30, 2011 for the original and expansion areas combined. The portion of the liability that has been recognized is \$2,388,795. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2011. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 7 years for the expansion area and the capacity used at June 30, 2011 is 62%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2011, assets of \$3,266,354 are restricted for these purposes, of which \$1,703,993 is for closure and \$1,562,361 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded for the expansion area, the County is required to demonstrate financial assurance for the unfunded costs. The County had adopted the dedicated fund mechanism.

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

(14) Solid Waste Tonnage Fees Retained

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2011, net assets of \$73,318 have been retained by the County and restricted for the required purposes.

(15) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>General</u>	<u>Special Revenue Conservation Land Acquisition</u>
Balances June 30, 2010, as previously reported	\$ 1,882,993	35,761
Change in fund type classification per implementation of GASB Statement No. 54	<u>35,761</u>	<u>(35,761)</u>
Balances July 1, 2010, as restated	<u><u>\$ 1,918,754</u></u>	<u><u>-</u></u>

Required Supplementary Information

Boone 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, 2011

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,170,377	-	8,170,377
Penalty and interest on property tax	81,438	-	81,438
Intergovernmental	6,777,477	-	6,777,477
Licenses and permits	17,870	-	17,870
Charges for service	957,186	-	957,186
Use of money and property	107,060	-	107,060
Miscellaneous	402,064	81,663	320,401
Total receipts	<u>16,513,472</u>	<u>81,663</u>	<u>16,431,809</u>
Disbursements:			
Public safety and legal services	3,044,563	-	3,044,563
Physical health and social services	786,671	-	786,671
Mental health	2,500,442	-	2,500,442
County environment and education	2,022,845	77,969	1,944,876
Roads and transportation	5,598,636	-	5,598,636
Governmental services to residents	558,513	-	558,513
Administration	1,661,466	-	1,661,466
Non-program	-	-	-
Debt service	642,993	-	642,993
Capital projects	398,340	-	398,340
Total disbursements	<u>17,214,469</u>	<u>77,969</u>	<u>17,136,500</u>
Excess (deficiency) of receipts over (under) disbursements	(700,997)	3,694	(704,691)
Other financing sources, net	514,423	-	514,423
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(186,574)	3,694	(190,268)
Balance beginning of year	4,967,504	133,833	4,833,671
Balance end of year	<u>\$ 4,780,930</u>	<u>137,527</u>	<u>4,643,403</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
8,172,340	8,160,818	9,559
80,000	80,000	1,438
8,148,251	8,231,351	(1,453,874)
14,300	14,300	3,570
908,410	908,410	48,776
254,255	254,255	(147,195)
520,300	520,300	(199,899)
<u>18,097,856</u>	<u>18,169,434</u>	<u>(1,737,625)</u>
3,263,186	3,278,453	233,890
758,889	820,989	34,318
2,715,225	2,736,225	235,783
3,189,768	3,687,768	1,742,892
5,558,250	5,558,250	(40,386)
642,030	642,030	83,517
1,809,877	1,809,877	148,411
-	-	-
1,140,844	1,562,844	919,851
1,307,300	1,307,300	908,960
<u>20,385,369</u>	<u>21,403,736</u>	<u>4,267,236</u>
(2,287,513)	(3,234,302)	2,529,611
508,000	2,923,267	(2,408,844)
(1,779,513)	(311,035)	120,767
4,864,377	4,864,196	(30,525)
<u>3,084,864</u>	<u>4,553,161</u>	<u>90,242</u>

Boone County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 16,513,472	(4,299)	16,509,173
Expenditures	17,214,469	(263,680)	16,950,789
Net	(700,997)	(267,979)	(441,616)
Other financing sources, net	514,423	2,490	516,913
Beginning fund balances	4,967,504	-	5,470,264
Ending fund balances	\$ 4,780,930	764,631	5,545,561

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,018,367. The budget amendment is 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, 2011, disbursements exceeded the amount budgeted in the roads and transportation function.

Boone County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 74	74	0.00%	\$ 5,226	1.4%
2010	Jul 1, 2008	-	74	74	0.00	6,273	1.2
2011	Jul 1, 2008	-	74	74	0.00	6,595	1.1

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

Boone County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2011

		County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts
Assets				
Cash and pooled investments	\$	54,037	4	137,527
Receivables:				
Succeeding year property tax		-	-	-
Accounts		-	-	-
Accrued interest		-	-	-
Drainage assessments		-	-	16,001
Due from other funds		39	-	-
Due from other governments		-	-	-
Total assets	\$	54,076	4	153,528
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$	-	-	-
Due to other governments		-	-	-
Deferred revenue:				
Succeeding year property tax		-	-	-
Other		-	-	16,001
Total liabilities		-	-	16,001
Fund balances:				
Restricted for:				
Debt service		-	-	-
Other purposes		54,076	4	137,527
Total fund balances		54,076	4	137,527
Total liabilities and fund balances	\$	54,076	4	153,528

See accompanying independent auditor's report.

Special Revenue								
Resource Enhancement and Protection	Task Force	Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Total	
149,262	78,966	9,665	80	60,586	2,002	259	492,388	
-	-	-	-	-	-	73,000	73,000	
-	-	-	-	4,836	-	-	4,836	
214	-	-	-	-	-	-	214	
-	-	-	-	-	-	-	16,001	
-	-	-	-	-	-	-	39	
-	-	-	-	-	560	-	560	
149,476	78,966	9,665	80	65,422	2,562	73,259	587,038	
-	-	-	-	4,008	-	-	4,008	
-	542	543	-	-	-	-	1,085	
-	-	-	-	-	-	73,000	73,000	
-	-	-	-	-	-	-	16,001	
-	542	543	-	4,008	-	73,000	94,094	
-	-	-	-	-	-	259	259	
149,476	78,424	9,122	80	61,414	2,562	-	492,685	
149,476	78,424	9,122	80	61,414	2,562	259	492,944	
149,476	78,966	9,665	80	65,422	2,562	73,259	587,038	

Boone County

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

Year ended June 30, 2011

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Special Resource Enhancement and Protection
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	-	9,148
Charges for service	5,147	-	-	-
Use of money and property	467	4	-	486
Miscellaneous	-	-	194,514	-
Total revenues	5,614	4	194,514	9,634
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	77,969	-
Governmental services to residents	376	451	-	-
Total expenditures	376	451	77,969	-
Excess (deficiency) of revenues over (under) expenditures	5,238	(447)	116,545	9,634
Other financing uses:				
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	5,238	(447)	116,545	9,634
Fund balances beginning of year	48,838	451	20,982	139,842
Fund balances end of year	\$ 54,076	4	137,527	149,476

See accompanying independent auditor's report.

Revenue							
Task Force	Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project		Total
-	-	-	-	-	66,419		66,419
-	-	250	-	-	-		9,398
-	-	-	-	-	-		5,147
-	-	-	-	-	-		957
4,666	3,702	-	18,587	3,051	-		224,520
4,666	3,702	250	18,587	3,051	66,419		306,441
4,449	2,687	170	21,508	650	-		29,464
-	-	-	-	-	-		77,969
-	-	-	-	-	-		827
4,449	2,687	170	21,508	650	-		108,260
217	1,015	80	(2,921)	2,401	66,419		198,181
-	-	-	-	-	(66,173)		(66,173)
217	1,015	80	(2,921)	2,401	246		132,008
78,207	8,107	-	64,335	161	13		360,936
78,424	9,122	80	61,414	2,562	259		492,944

Boone County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	2,174	389,138	228,961	7,289
Other County officials	40,533	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	622	1,845	57,957	2,158
Succeeding year	-	189,000	559,000	18,264,000	660,000
Accounts	997	-	15	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	821	-	-
Total assets	\$ 41,530	191,796	950,819	18,550,918	669,447
Liabilities					
Accounts payable	\$ -	-	10,334	-	-
Salaries and benefits payable	-	-	5,951	-	-
Due to other funds	1,196	-	-	-	-
Due to other governments	19,511	191,796	911,693	18,550,918	669,447
Trusts payable	20,823	-	-	-	-
Compensated absences	-	-	22,841	-	-
Total liabilities	\$ 41,530	191,796	950,819	18,550,918	669,447

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
92,703	3,738	638,898	15,901	11,896	378,966	409,402	2,179,066
-	-	-	-	-	-	-	40,533
40,030	747	-	-	3,381	-	11	106,751
7,868,000	365,000	-	-	1,024,000	-	4,000	28,933,000
-	-	106,136	-	-	43,279	3,368	153,795
-	-	-	414,716	-	-	-	414,716
-	-	-	-	-	556	208,984	209,540
-	-	-	-	-	-	1,652	2,473
8,000,733	369,485	745,034	430,617	1,039,277	422,801	627,417	32,039,874
-	-	-	-	-	4,621	88,180	103,135
-	-	-	-	-	-	11,384	17,335
-	-	-	-	-	-	-	1,196
8,000,733	369,485	745,034	430,617	1,039,277	418,180	4,242	31,350,933
-	-	-	-	-	-	465,724	486,547
-	-	-	-	-	-	57,887	80,728
8,000,733	369,485	745,034	430,617	1,039,277	422,801	627,417	32,039,874

Boone County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2011

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 43,365	185,834	1,005,790	18,937,428	624,329
Additions:					
Property and other county tax	-	189,829	560,310	18,290,042	662,547
E911 surcharge	-	-	-	-	-
State tax credits	-	6,442	19,621	676,883	21,729
Office fees and collections	806,168	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	1,779	-	-
Total additions	<u>806,168</u>	<u>196,271</u>	<u>581,710</u>	<u>18,966,925</u>	<u>684,276</u>
Deductions:					
Agency remittances:					
To other funds	345,976	-	-	-	-
To other governments	201,610	190,309	-	19,353,435	639,158
Trusts paid out	260,417	-	636,681	-	-
Total deductions	<u>808,003</u>	<u>190,309</u>	<u>636,681</u>	<u>19,353,435</u>	<u>639,158</u>
Balances end of year	<u>\$ 41,530</u>	<u>191,796</u>	<u>950,819</u>	<u>18,550,918</u>	<u>669,447</u>

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
7,557,607	368,915	577,804	522,397	1,017,093	454,140	817,472	32,112,174
7,854,892	368,902	-	-	1,027,955	-	4,773	28,959,250
-	-	-	-	-	162,032	-	162,032
262,811	11,377	-	-	35,256	-	129	1,034,248
-	-	-	-	-	-	12,866	819,034
-	-	6,985,513	-	-	-	-	6,985,513
-	-	-	79,061	-	-	-	79,061
-	-	-	-	-	-	1,283,748	1,283,748
-	-	-	-	-	4,935	2,102,293	2,109,007
8,117,703	380,279	6,985,513	79,061	1,063,211	166,967	3,403,809	41,431,893
-	-	262,527	-	-	-	-	608,503
7,674,577	379,709	6,555,756	170,841	1,041,027	198,306	7,326	36,412,054
-	-	-	-	-	-	3,586,538	4,483,636
7,674,577	379,709	6,818,283	170,841	1,041,027	198,306	3,593,864	41,504,193
8,000,733	369,485	745,034	430,617	1,039,277	422,801	627,417	32,039,874

Boone County

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

For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
Property and other county tax	\$ 7,362,020	6,833,940	6,482,896	6,145,257
Local option sales tax	813,991	770,944	824,876	828,151
Interest and penalty on property tax	78,801	97,131	85,812	93,048
Intergovernmental	6,752,826	6,721,779	6,350,624	6,196,573
Licenses and permits	17,730	15,170	17,324	18,631
Charges for service	947,402	946,631	951,013	932,813
Use of money and property	148,592	180,428	237,426	276,241
Miscellaneous	387,811	348,081	302,259	231,978
Total	\$ 16,509,173	15,914,104	15,252,230	14,722,692
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,050,832	2,818,638	2,753,574	2,685,812
Physical health and social services	740,042	790,647	708,696	639,097
Mental health	2,455,192	2,200,563	2,510,866	2,986,700
County environment and education	2,278,691	1,551,519	945,822	926,932
Roads and transportation	5,254,482	5,514,468	4,767,579	4,831,699
Governmental services to residents	554,193	549,998	594,094	497,320
Administration	1,663,071	1,713,577	1,797,854	1,591,002
Debt service	642,994	3,816,125	2,101,810	610,659
Capital projects	311,292	1,294,297	234,620	653,859
Total	\$ 16,950,789	20,249,832	16,414,915	15,423,080

See accompanying independent auditor's report.

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
5,678,758	5,391,529	5,355,382	5,316,332	5,129,145	4,905,583
790,831	726,317	732,977	697,173	681,719	599,343
76,918	71,901	62,876	66,697	64,522	67,451
6,177,965	5,518,447	5,758,477	4,640,729	4,569,465	4,840,152
25,821	20,933	15,067	60,808	14,598	10,431
916,158	926,680	942,470	884,787	869,192	832,023
343,410	242,346	158,099	129,254	151,049	436,706
257,996	198,900	540,830	212,419	293,260	204,584
14,267,857	13,097,053	13,566,178	12,008,199	11,772,950	11,896,273
2,507,524	2,393,530	2,117,985	2,013,154	1,927,982	1,900,164
660,704	610,980	583,588	597,127	620,149	839,084
2,671,208	2,479,313	2,341,752	2,005,825	2,136,380	1,859,850
933,921	857,742	787,105	758,079	742,442	680,163
4,322,499	3,881,757	3,990,145	3,581,862	3,602,048	3,832,568
495,947	666,018	510,074	470,870	455,664	429,361
1,338,419	1,217,653	1,202,257	1,064,871	998,490	867,867
417,958	416,895	433,595	843,108	431,149	341,149
3,113,667	474,175	1,905,106	706,865	1,627,172	3,609,233
16,461,847	12,998,063	13,871,607	12,041,761	12,541,476	14,359,439

Schedule 6

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants	93.276	5 H79 SP011259-06	\$ 63,028
Drug-Free Communities Support Program Grants	93.276	6 H79 SP011259-07	74,673
Total direct			137,701
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		11,952
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	11-410, Task 01	1,289
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Promoting Safe and Stable Families	93.556	PSSFP6-10-007A	5,500
Promoting Safe and Stable Families	93.556	PSSFP5-11-007A	14,758
Promoting Safe and Stable Families	93.556	DCFS6-10-131	4,579
Promoting Safe and Stable Families	93.556	ACFS5-11-096	11,170
			36,007
Child Care and Development Block Grant	93.575		40,663
ARRA - Child Care and Development Block Grant	93.713		13,856
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		4
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,879
Foster Care - Title IV-E	93.658		4,687
Adoption Assistance	93.659		1,125
Children's Health Insurance Program	93.767		51
Medical Assistance Program	93.778		11,324
Social Services Block Grant	93.667		4,037
Social Services Block Grant	93.667		118,823
			122,860
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 1688 DR IA	23,563
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763 DR IA	722,444
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1930 DR IA	527,928
			1,273,935

Boone County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	EMPG	31,951
Story County:			
Homeland Security Grant Program	97.067	2008-GE-T8-2008-001	2,908
Total indirect			1,555,491
Total			\$ 1,693,192

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

See accompanying independent auditor's report.

Boone County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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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 Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 2, 2012. 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

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 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-11 through II-E-11 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boone 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, 2011 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.

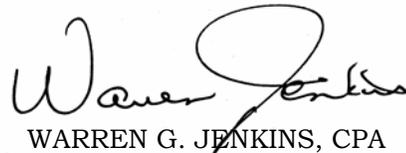
Boone County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Boone County's responses and, accordingly, we express no opinion on them.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Boone 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 2, 2012

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

Boone County



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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 Boone County:

Compliance

We have audited Boone 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 Boone County's major federal program for the year ended June 30, 2011. Boone County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Boone County's management. Our responsibility is to express an opinion on Boone 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 Boone 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 Boone County's compliance with those requirements.

In our opinion, Boone County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Boone County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Boone 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boone 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 2, 2012

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part I: Summary of 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 program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Boone County did not qualify as a low-risk auditee.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – collecting, depositing, posting and daily reconciling.	County Recorder
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Treasurer
(3) Payroll – Department supervisors do not review payroll reports.	County Auditor

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Recorder, the County Treasurer and the County Auditor should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances.

Responses –

County Recorder – In regard to segregation of duties, when we balance for the day, it is not always the same person who does the same task. We try to let everyone know how to handle that duty. Two of us in the office can do the deposits. One of us prepares the deposit for the bank and another person enters the information into the computer.

County Treasurer – It is necessary for everyone in the office to assist customers and collect money at the counter, including the Treasurer. There are a limited number of employees in the office during lunch hours, especially when we have employees gone for vacation time or sick time. Everyone balances their own cash drawer separately and then the total day’s business is balanced all together either by the Treasurer or the First Deputy. The Treasurer does the month-end process and apportionment business.

County Auditor - I am not certain that department supervisors do not review payroll. Some of them do not return any documentation that they have done so. It seems if there is an error we hear very quickly about it. The auditor’s office does provide the documentation to each department with the warrants or stubs if employee has check direct deposited. The auditor’s office payroll deputy has requested either an email or photocopy of summary report initialed

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

from the department supervisors. Since we do not have the power to withhold department payroll warrants until they give us the documentation requested, it is difficult to imagine how the auditor's office can improve this situation.

Conclusions –

County Recorder and County Treasurer – Response acknowledged. To improve segregation of duties, someone independent of receipt collection should perform the reconciliation. Evidence of this independent review should be retained.

County Auditor – Response acknowledged. Department supervisors should review payroll before paychecks are distributed or as soon as practical for direct deposits.

II-B-11 County Recorder – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2011 was not investigated and resolved.

Recommendation – Variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control. Also, all reconciling items between the book and bank balances should be documented each month, including an accounts receivable listing at the end of each month. In addition, the book balance should be reconciled to a listing of month end liabilities.

Response – We use several different reports to see that our bank balance reflects deposits and the month end liabilities.

Conclusion – Response acknowledged. An unexplained variance between the book and bank balances existed at June 30, 2011. Variances should be investigated and resolved monthly.

II-C-11 Central Iowa Expo, Inc. Loan Guarantees – The County has entered into various financing agreements with Central Iowa Expo, Inc. to guarantee up to \$2,700,000 of Central Iowa Expo Inc. (Expo) debt. The Expo has failed to make required debt payments. The following were noted:

- The County did not receive a timely request from the Expo requesting the County to make a debt payment under the guarantee.
- The County has used County funds on a short term basis to subsidize the Expo's loan payments until arranged financing is received because of the untimely payment request.
- The County did not receive a request, as required, to retain certain pledges receipted after January 1, 2010 and has not received required monthly pledge receipt information.
- The County has not received adequate support to establish the Expo's financial need.
- The audit of the Expo identified a material weakness in internal control.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Also, the Board has not developed a written plan for long-term financing should the Expo be unable to satisfy its debt obligations.

Recommendation – The Board should ensure Central Iowa Expo, Inc. complies with written agreements. A written plan should be developed for handling future debt obligations.

Response – The Board of Supervisors and the Central Iowa Expo Board, with the assistance of the Boone County Attorney, are attempting to revise the agreement between the Board of Supervisors and the Central Iowa Expo Board to reflect reality that, to date, fundraising has not been able to establish the infrastructure necessary to generate a positive cash flow and the Central Iowa Expo Board is currently fundraising for day to day operations and is unable to pay the County 25% of pledges, as required in current agreement.

Conclusion – Response accepted.

II-D-11 Timely Deposit – Certain receipts were not deposited timely by the following offices: County Sheriff, Agricultural Extension, Health and Sanitation, Social Services and Conservation.

Recommendation – All receipts should be deposited timely and quarterly fees should be remitted to the County Treasurer timely.

Responses –

County Sheriff's Office – We will make every attempt to get checks deposited in a more timely fashion.

Agricultural Extension – The bookkeeper was on vacation and this was the reason for the delay in depositing the warrant to the bank.

Health and Sanitation – We will make every attempt to get checks deposited in a timely manner

Social Services – We will make every attempt to get checks deposited in a timely manner.

Conservation – The Boone County Conservation Board will make a better effort to deposit money in a timelier manner. When checks come in we will do our best to get them deposited more timely.

Conclusions – Responses accepted.

II-E-11 Capital Assets – During the audit, we identified certain capital asset additions that had not been recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all capital asset additions are identified and included in the County's financial statements.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Response – Accounts payable staff are to make copies of claims which include payment for capital assets. Sometimes assets are paid for and the claim is not copied for staff maintaining the capital asset list. We will run lists of all claims in excess of \$5,000 to verify all additions are properly included. We will also ask departments to review our listing and indicate which capital assets are no longer owned by county.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amount budgeted in the debt service function prior to an approved amendment. Disbursements at year end exceeded the amount budgeted in the roads and transportation function. Disbursements in certain departments exceeded the amounts appropriated prior to amendment.

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

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The County was unaware the funds borrowed to permanently finance the purchase of the Central Iowa Expo land would be deposited with the County rather than disbursed by the closing agent. The budget was amended as soon as we understood we would need to pay off capital notes which were refinanced. The County acknowledges the error and will attempt to comply with the statute in future.

Conclusion – Response accepted.

IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-11 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Steve Duffy, member of Board of Supervisors, Owner of Duffy’s Inc.	Office and radio equipment	\$ 28

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Duffy’s, Inc. does not appear to represent a conflict of interest since the total was less than \$1,500 during the fiscal year.

IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. Although minutes of the Board proceedings were published, a copy of the proceedings was not always furnished to the official newspaper within one week following adjournment of the Board, as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County Auditor should furnish a copy of the proceedings to be published within one week following adjournment of the Board, as required by Chapter 349.18 of the Code of Iowa.

Response – The Board of Supervisors meet one time per week. Each Wednesday, the Board approves the minutes of the previous week. The minutes are not approved until the eighth day since the last meeting. To meet the requirement of the law the County Auditor would need to publish the minutes before they are official. If that were done then any changes to proposed minutes would need to be officially made in next meeting minutes. The Board wishes to approve the minutes before publication.

Conclusion – Response acknowledged. The County Auditor should furnish a copy of the minutes from each meeting to be published within one week following adjournment of the board as required by Chapter 349.18(3) of the Code of Iowa.

IV-G-11 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-11 Resource Enhancement and Protection Certification – The County chose not to dedicate property tax revenue to conservation purposes to the extent 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).

The County produces a significant amount of revenue in its Conservation Department through camping and golf fees. This revenue is used to offset conservation expenses in lieu of property tax revenue.

IV-I-11 Solid Waste Fees Retainage – During the year ended June 30, 2011, the County used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

IV-J-11 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, 2011 for the County Extension Office did not exceed the amount budgeted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

IV-K-11 Financial Assurance – The Boone County Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area		Total
	Postclosure		Postclosure		
	Closure	Care	Closure	Care	
Total estimated costs for closure and postclosure care	\$ 190,000	802,500	1,463,600	784,500	3,240,600
Less: Amounts held in the local dedicated fund at June 30, 2010	(213,600)	(763,500)	(1,488,576)	(752,120)	(3,217,796)
Reallocation of amounts held based on current estimated costs	23,600	(39,000)	(23,600)	39,000	-
Amounts held in the local dedicated fund at June 30, 2010, as reallocated	(190,000)	(802,500)	(1,512,176)	(713,120)	(3,217,796)
Current year allocations	-	-	48,576	(71,380)	(22,804)
Amounts required to be held in the local dedicated fund at June 30, 2011	190,000	802,500	1,463,600	784,500	3,240,600
Amounts restricted for closure and postclosure care at June 30, 2011	\$ 190,000	802,500	1,480,367	793,487	3,266,354

Boone County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Karen L. Brustkern, CPA, Senior Auditor II
Michael R. Field, Senior Auditor
Leanna J. Showman, Staff Auditor
Victor L. Kennedy, Assistant Auditor
Ann C. McMinimee, Assistant Auditor
Justin M. Scherrman, Assistant Auditor
Samuel M. Wagner, Auditor Intern

A handwritten signature in cursive script that reads "Andrew E. Nielsen". The signature is written in black ink and is positioned above the printed name and title.

Andrew E. Nielsen, CPA
Deputy Auditor of State