



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

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David A. Vaudt, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

June 22, 2012

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$14,925,579 for the year ended June 30, 2011, which included \$684,419 in tax credits from the state. The County forwarded \$9,909,050 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,016,529 of the local tax revenue to finance County operations, a 7.4% increase over the prior year. Other revenues included charges for service of \$1,502,505, operating grants, contributions and restricted interest of \$3,893,246, capital grants, contributions and restricted interest of \$426,555, local option sales tax of \$384,895, unrestricted investment earnings of \$103,952 and other general revenues of \$495,978.

Expenses for County operations totaled \$10,368,509, a 16.2% decrease from the prior year. Expenses included \$4,649,343 for roads and transportation, \$1,493,786 for public safety and legal services and \$1,320,460 for administration. The significant decrease in expenses is primarily due to a decrease in expenses for road maintenance and flood control.

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/1110-0067-B00F.pdf>.

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**MONONA COUNTY**

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

**JUNE 30, 2011**

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**Monona County**

**Officials**

**(Before January 2011)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Brown	Board of Supervisors	Jan 2011
Stanley Skow	Board of Supervisors	Jan 2011
John McCall	Board of Supervisors	Jan 2013
Brooke Kuhlman	County Auditor	Jan 2013
Lawrence Framke	County Treasurer	Jan 2011
Tena L. Hinkel	County Recorder	Jan 2011
Jeffrey R. Pratt	County Sheriff	Jan 2013
Michael P. Jensen	County Attorney	Jan 2011
Lawrence E. Keitges	County Assessor	Jan 2016

**(After January 2011)**

John McCall	Board of Supervisors	Jan 2013
James Jensen	Board of Supervisors	Jan 2015
Tim Jessen	Board of Supervisors	Jan 2015
Brooke Kuhlman	County Auditor	Jan 2013
Lawrence Framke	County Treasurer	Jan 2015
Tena L. Hinkel	County Recorder	Jan 2015
Jeffrey R. Pratt	County Sheriff	Jan 2013
Michael P. Jensen	County Attorney	Jan 2015
Lawrence E. Keitges	County Assessor	(Resigned June 2011)
Tim Peters (Appointed)	County Assessor	Jan 2016

**Monona County**



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Independent Auditor's Report

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona 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 Monona County's management. Our responsibility is to express opinions on these financial statements based on our audit.

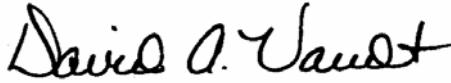
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monona 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.

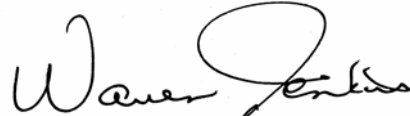
In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2012 on our consideration of Monona County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 14 and 44 through 48 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 Monona 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 5 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

May 23, 2012



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

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Monona County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2011 FINANCIAL HIGHLIGHTS**

The County's governmental activities revenues decreased 4.9%, or approximately \$606,000, from fiscal year 2010 to fiscal year 2011. Property tax increased approximately \$351,000, operating grants, contributions and restricted interest decreased approximately \$108,000 and capital grants, contributions and restricted interest decreased approximately \$1,530,000.

The County's governmental activities expenses decreased 16.2%, or approximately \$2,009,000, from fiscal year 2010 to fiscal year 2011.

The County's net assets increased 6.7%, or approximately \$1,455,000, from June 30, 2010 to June 30, 2011.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Monona County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Monona County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Monona County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Monona County's combined net assets increased from approximately \$21.8 million to approximately \$23.2 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

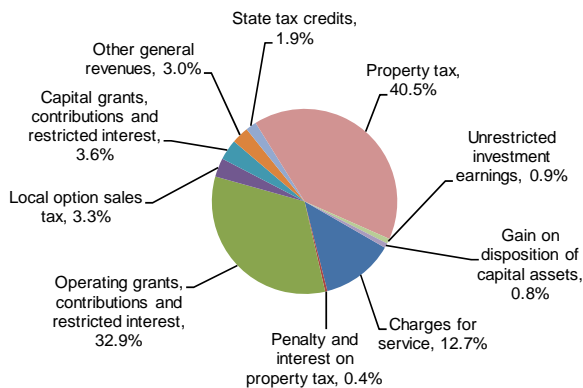
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2011	2010
Current and other assets	\$ 14,022	13,161
Capital assets	15,786	15,331
Total assets	<u>29,808</u>	<u>28,492</u>
Long-term liabilities	894	1,069
Other liabilities	5,665	5,629
Total liabilities	<u>6,559</u>	<u>6,698</u>
Net assets:		
Invested in capital assets, net of related debt	15,576	15,081
Restricted	6,099	5,069
Unrestricted	1,574	1,644
Total net assets	<u>\$ 23,249</u>	<u>21,794</u>

Net assets of Monona County's governmental activities increased approximately \$1,455,000, or 6.7%, compared to fiscal year 2010. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets increased approximately \$1,030,000, or 20.3%, over the prior year, primarily due to an increase in Secondary Roads Department revenues with decreased expenses. Unrestricted net assets — the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — are approximately \$1.57 million at June 30, 2011, a 4.3% decrease from the prior year.

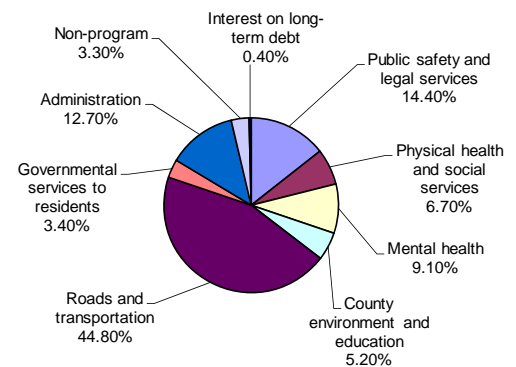
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2011	2010
<b>Revenues:</b>		
Program revenues:		
Charges for service	\$ 1,503	1,339
Operating grants, contributions and restricted interest	3,893	4,001
Capital grants, contributions and restricted interest	427	1,957
General revenues:		
Property tax	4,792	4,441
Penalty and interest on property tax	47	48
State tax credits	223	230
Local option sales tax	385	298
Unrestricted investment earnings	104	112
Gain on disposition of capital assets	98	-
Other general revenues	351	3
Total revenues	<u>11,823</u>	<u>12,429</u>
<b>Program expenses:</b>		
Public safety and legal services	1,494	1,549
Physical health and social services	695	686
Mental health	944	951
County environment and education	541	1,252
Roads and transportation	4,649	5,573
Governmental services to residents	349	358
Administration	1,320	1,402
Non-program	337	586
Interest on long-term debt	39	20
Total expenses	<u>10,368</u>	<u>12,377</u>
Increase in net assets	1,455	52
Net assets beginning of year	21,794	21,742
Net assets end of year	<u>\$ 23,249</u>	<u>21,794</u>

**Revenues by Source**



**Expenses by Function**



Revenues for governmental activities decreased approximately \$606,000 from the prior year. The increase in property tax of approximately \$351,000 was offset by decreases in operating grants, contributions and restricted interest and capital grants, contributions and restricted interest of approximately \$108,000 and \$1,530,000, respectively. The decrease in capital grants, contributions and restricted interest is due primarily to a decrease in capital contributions from the Iowa Department of Transportation for farm to market projects and federal money in the Secondary Roads Department from the Natural Resources Conservation Service for flood control. The decrease in operating grants, contributions and restricted interest can be attributed to a decrease in state support for mental health services provided by Monona County in fiscal year 2011.

The County increased overall property tax rates 0.24% for fiscal year 2011. Taxable valuation increased 7.23%. This resulted in an increase in the County's property tax revenue of approximately \$351,000 in fiscal year 2011.

The cost of all governmental activities this year was approximately \$10.4 million compared to approximately \$12.4 million last year, a decrease of approximately \$2.0 million, or 16.2%.

As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was \$4,546,203 because some of the cost was paid by those directly benefited from the programs (\$1,502,505 this year compared to \$1,339,358 last year) or by other governments and organizations which subsidized certain programs with grants and contributions (\$4,319,801 this year compared to \$5,958,197 last year). The County paid for the remaining "public benefit" portion of governmental activities property tax and other revenues, such as local option sales tax and interest.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$6.7 million, a 12.8% increase over last year's total of approximately \$5.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ending fund balance increased \$137,485, or 5.6%. Overall revenues increased \$197,247, or 4.9%, while expenditures increased \$84,230, or 2.1%. Revenues increased primarily due to an increase in property tax due to an increase in the taxable valuations. The increase in expenditures is primarily due to increased administrative costs and increased costs for legal services.

The County has continued to look for ways to effectively manage the cost of mental health services. The Special Revenue, Mental Health Fund fund balance at year end decreased \$200,514 from the prior year. State revenues decreased \$6,799. Expenditures totaled \$943,848, decreasing 0.7%, or \$6,928, from the previous fiscal year.

The Special Revenue, Rural Services Fund balance increased \$24,575, or 4.3%, over the prior year. Rural Services Fund revenues increased \$85,501, primarily due to an increase in property tax due to an increase in the taxable valuations for the rural services levies. Rural Services Fund expenditures increased \$25,348, due primarily to an increase in uniformed patrol services expenditures.

The Special Revenue, Secondary Roads Fund balance increased \$824,971, or 31%, over the prior year. Revenues increased \$499,069, or 12.2%, over the prior year. This increase is primarily due to funding received for federal highway projects and insurance recoveries for tornado damage. Secondary Roads Fund expenditures decreased \$783,543 from the prior year.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget two times. The amendments were made on March 29, 2011 and May 10, 2011 and resulted in an increase in budgeted disbursements of \$390,994. The amendments were made primarily to provide for additional disbursements for mental health and road maintenance.

The County's overall receipts were \$2,188 more than budgeted while disbursements were \$1,433,468 less than the amended budget. Intergovernmental receipts were \$492,832 less than budgeted while miscellaneous receipts were \$398,769 more than budgeted. Both these variances are primarily due to the County inadvertently budgeting for increased flood and tornado recoveries as intergovernmental receipts rather than miscellaneous receipts. Actual disbursements were less than budgeted in all functional areas, but most significantly for the administration and capital projects functions by \$231,160 and \$509,503, respectively. These variances were primarily due to the following: (1) administration disbursements for Board proceedings, utilities, and data processing and maintenance costs were less than estimated and (2) capital projects disbursements were less than anticipated.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2011, Monona County had approximately \$15.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$455,000, or 3.0%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2011	2010
Land	\$ 202	202
Construction in progress, road network	146	-
Construction in progress, other	76	55
Buildings and improvements	1,600	1,582
Equipment and vehicles	2,784	2,207
Infrastructure	10,978	11,285
Total	\$ 15,786	15,331

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

Secondary roads equipment	\$ 845
County environment and education facilities and equipment	98
Public safety equipment	81
Road network and buildings	252
Total	\$ 1,276

The County had depreciation expense of \$846,064 in fiscal year 2011 and total accumulated depreciation of \$9,435,448 at June 30, 2011.

More detailed information about the County's capital assets is presented in Note 3 to the financial statements.

## Long-Term Debt

At June 30, 2011, Monona County had approximately \$683,000 in general obligation and other debt outstanding, compared to approximately \$835,000 at June 30, 2010, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
General obligation visitor center note	\$ 210	250
Drainage warrants	473	585
Total	\$ 683	835

Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2012 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2012	2011	Percentage Change
	Dollars Certified	Dollars Certified	
General basic levy	\$ 1,735,691	1,675,446	3.60%
General supplemental levy	1,200,359	1,266,345	-5.21%
Mental health levy	364,500	368,512	-1.09%
Rural services basic levy	1,447,870	1,392,368	3.99%
Rural services supplemental levy	219,820	155,099	41.73%
Debt service levy	48,064	49,643	-3.18%
Total	\$ 5,016,304	4,907,413	2.22%

Continued state revenue cutbacks and health insurance increases for the past few years are driving any increases in property tax. No new services were added to the fiscal year 2012 budget. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2012 and fiscal year 2011 are as follows:

	2012	2011	Percentage Change
	General basic levy	\$ 3.50000	3.50000
General supplemental levy	2.42051	2.64539	-8.50%
Mental health levy	0.73501	0.76982	-4.52%
Rural services basic levy	3.95000	3.95000	0.00%
Rural services supplemental levy	0.59970	0.44000	36.30%
Debt service levy	0.09588	0.10280	-6.73%
Total	\$ 11.30110	11.40801	-0.94%

Budgeted disbursements in the fiscal year 2012 budget are \$11,290,933, a 3.6% decrease from the fiscal year 2011 original budgeted disbursements. The countywide taxable valuation increased approximately \$17.6 million. While Monona County has not added any major programs to the fiscal year 2012 budget, an increase is expected for public safety and legal services and decreases are expected for road maintenance and capital projects. Property tax is projected to increase approximately \$134,900.

If these estimates are realized, the County's budgetary balance is expected to decrease \$474,419, or 11.7%, to \$3,578,369 by the close of fiscal year 2012.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Monona County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monona County Auditor's Office, 101 Main Street, City of Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at [mocoaud@longlines.com](mailto:mocoaud@longlines.com).



## **Basic Financial Statements**

**Exhibit A**

Monona County  
Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 5,306,349
Receivables:	
Property tax:	
Delinquent	3,677
Succeeding year	4,909,000
Accounts	207,428
Accrued interest	41,275
Drainage assessments	741,304
Due from other governments	1,626,347
Inventories	936,731
Prepaid expense	249,570
Capital assets (net of accumulated depreciation)	15,786,129
<b>Total assets</b>	<u>29,807,810</u>
<b>Liabilities</b>	
Accounts payable	247,222
Due to other governments	509,068
Deferred revenue:	
Succeeding year property tax	4,909,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation note	40,000
Compensated absences	178,080
Portion due or payable after one year:	
General obligation note	170,000
Drainage warrants	473,044
Compensated absences	14,287
Net OPEB liability	18,150
<b>Total liabilities</b>	<u>6,558,851</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	15,576,129
Restricted for:	
Supplemental levy purposes	819,229
Rural services purposes	550,115
Secondary roads purposes	4,145,061
Debt service	805
Drainage warrants	306,552
Other purposes	277,633
Unrestricted	1,573,435
<b>Total net assets</b>	<u>\$ 23,248,959</u>

See notes to financial statements.

Monona County  
Statement of Activities  
Year ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,493,786	152,187	9,674	-	(1,331,925)
Physical health and social services	695,186	235,051	342,201	-	(117,934)
Mental health	943,849	504	370,761	-	(572,584)
County environment and education	540,585	24,827	21,395	-	(494,363)
Roads and transportation	4,649,343	264,066	3,122,028	426,555	(836,694)
Governmental services to residents	349,301	169,681	-	-	(179,620)
Administration	1,320,460	119,105	11,290	-	(1,190,065)
Non-program	337,230	537,084	15,897	-	215,751
Interest on long-term debt	38,769	-	-	-	(38,769)
<b>Total</b>	<b>\$ 10,368,509</b>	<b>1,502,505</b>	<b>3,893,246</b>	<b>426,555</b>	<b>(4,546,203)</b>

**General Revenues:**

Property and other county tax levied for:

General purposes	4,744,585
Debt service	48,378
Penalty and interest on property tax	46,886
State tax credits	223,566
Local option sales tax	384,895
Unrestricted investment earnings	103,952
Gain on disposition of capital assets	97,645
Insurance recoveries	348,320
Miscellaneous	3,127
<b>Total general revenues</b>	<b>6,001,354</b>
Change in net assets	1,455,151
Net assets beginning of year	21,793,808
Net assets end of year	<b>\$ 23,248,959</b>

See notes to financial statements.

Monona County  
Balance Sheet  
Governmental Funds

June 30, 2011

	Special Revenue		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments	\$ 2,376,151	284,640	601,193
Receivables:			
Property tax:			
Delinquent	2,749	342	542
Succeeding year	2,872,000	357,000	1,633,000
Accounts	52,937	504	-
Accrued interest	13,275	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	96,168	-	-
Inventories	-	-	-
Prepaid expenditures	137,136	-	-
<b>Total assets</b>	<b>\$ 5,550,416</b>	<b>642,486</b>	<b>2,234,735</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 21,771	14,654	3,938
Due to other governments	15,977	489,082	-
Deferred revenue:			
Succeeding year property tax	2,872,000	357,000	1,633,000
Other	48,528	342	542
<b>Total liabilities</b>	<b>2,958,276</b>	<b>861,078</b>	<b>1,637,480</b>
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	137,136	-	-
Restricted for:			
Supplemental levy purposes	770,894	-	47,140
Rural services purposes	-	-	550,115
Secondary roads purposes	-	-	-
Drainage warrants/drainage improvement certificates	-	-	-
Conservation land acquisition/capital improvements	9,829	-	-
Debt service	-	-	-
Other purposes	9,970	-	-
Assigned for:			
Jail/correction services	39,092	-	-
Drug enforcement related purposes	36,036	-	-
Soil and water conservation purposes	13,818	-	-
Unassigned	1,575,365	(218,592)	-
<b>Total fund balances</b>	<b>2,592,140</b>	<b>(218,592)</b>	<b>597,255</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,550,416</b>	<b>642,486</b>	<b>2,234,735</b>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
1,711,422	198,233	5,171,639
-	44	3,677
-	47,000	4,909,000
153,987	-	207,428
-	28,000	41,275
-	539,721	539,721
-	201,583	201,583
1,529,815	364	1,626,347
936,731	-	936,731
112,434	-	249,570
<u>4,444,389</u>	<u>1,014,945</u>	<u>13,886,971</u>
187,861	18,998	247,222
4,009	-	509,068
-	47,000	4,909,000
766,892	741,348	1,557,652
<u>958,762</u>	<u>807,346</u>	<u>7,222,942</u>
936,731	-	936,731
112,434	-	249,570
-	-	818,034
-	-	550,115
2,436,462	-	2,436,462
-	38,292	38,292
-	-	9,829
-	761	761
-	168,546	178,516
-	-	39,092
-	-	36,036
-	-	13,818
-	-	1,356,773
<u>3,485,627</u>	<u>207,599</u>	<u>6,664,029</u>
<u>4,444,389</u>	<u>1,014,945</u>	<u>13,886,971</u>

**Monona County**

Monona County

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

June 30, 2011

**Total governmental fund balances (page 19)** \$ 6,664,029

***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 \$25,221,577 and the accumulated depreciation is \$9,435,448. 15,786,129

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 1,557,652

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 134,710

Long-term liabilities, including the general obligation note payable, drainage warrants payable, other postemployment benefits payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (893,561)

**Net assets of governmental activities (page 16)** \$ 23,248,959

See notes to financial statements.

Monona County

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

Year ended June 30, 2011

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,866,871	354,666	1,521,265
Local option sales tax	-	-	-
Interest and penalty on property tax	48,625	-	-
Intergovernmental	840,323	388,668	63,126
Licenses and permits	20,379	-	-
Charges for service	266,734	-	-
Use of money and property	148,500	-	-
Miscellaneous	20,572	-	-
Total revenues	4,212,004	743,334	1,584,391
Expenditures:			
Operating:			
Public safety and legal services	1,445,449	-	93,863
Physical health and social services	702,058	-	-
Mental health	-	943,848	-
County environment and education	372,935	-	160,688
Roads and transportation	-	-	202,318
Governmental services to residents	344,552	-	3,649
Administration	1,230,200	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	4,095,194	943,848	460,518
Excess (deficiency) of revenues over (under) expenditures	116,810	(200,514)	1,123,873
Other financing sources (uses):			
Operating transfers in	15,659	-	-
Operating transfers out	-	-	(1,099,298)
Drainage warrants issued	-	-	-
Sale of capital assets	5,016	-	-
Total other financing sources (uses)	20,675	-	(1,099,298)
Net change in fund balances	137,485	(200,514)	24,575
Fund balances beginning of year, as restated	2,454,655	(18,078)	572,680
Fund balances end of year	\$ 2,592,140	(218,592)	597,255

See notes to financial statements.



Secondary Roads	Nonmajor	Total
-	48,378	4,791,180
384,895	-	384,895
-	-	48,625
3,658,513	44,759	4,995,389
3,062	-	23,441
-	1,948	268,682
-	2,851	151,351
556,281	400,418	977,271
4,602,751	498,354	11,640,834
-	-	1,539,312
-	-	702,058
-	-	943,848
-	46,357	579,980
4,468,748	-	4,671,066
-	1,500	349,701
-	-	1,230,200
-	289,628	289,628
-	499,822	499,822
460,146	-	460,146
4,928,894	837,307	11,265,761
(326,143)	(338,953)	375,073
1,083,639	-	1,099,298
-	-	(1,099,298)
-	308,857	308,857
67,475	-	72,491
1,151,114	308,857	381,348
824,971	(30,096)	756,421
2,660,656	237,695	5,907,608
3,485,627	207,599	6,664,029

Monona 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 23)** \$ 756,421

**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 outlays exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,276,381	
Depreciation expense	<u>(846,064)</u>	430,317

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.		25,154
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Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	1,783	
Other	<u>67,704</u>	69,487

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

Issued	(308,857)	
Repaid	<u>461,053</u>	152,196

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	28,633	
Other postemployment benefits	<u>(5,708)</u>	22,925

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

<b>Change in net assets of governmental activities (page 17)</b>		<u>(1,349)</u>
		<u>\$ 1,455,151</u>

See notes to financial statements.

Monona County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2011

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 134,710
<b>Liabilities</b>	
Accounts payable	<u>-</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$ 134,710</u></u>

See notes to financial statements.

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

Year ended June 30, 2011

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 980,196
Reimbursements from employees and others	<u>120,789</u>
Total operating revenues	<u>1,100,985</u>
Operating expenses:	
Insurance premiums	<u>1,102,467</u>
Operating loss	(1,482)
Non-operating revenues:	
Interest income	<u>133</u>
Net loss	(1,349)
Net assets beginning of year	<u>136,059</u>
Net assets end of year	<u><u>\$ 134,710</u></u>
See notes to financial statements.	

Monona County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2011

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 980,196
Cash received from employees and others	120,789
Cash paid to suppliers for services	(1,102,467)
Net cash used by operating activities	(1,482)
Cash flows from investing activities:	
Interest on investments	133
Net decrease in cash and cash equivalents	(1,349)
Cash and cash equivalents beginning of year	136,059
Cash and cash equivalents end of year	\$ 134,710
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss and net cash used by operating activities	\$ (1,482)
See notes to financial statements.	

Monona County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2011

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 1,527,980
Other County officials	6,785
Receivables:	
Accounts	6,281
Property tax:	
Delinquent	12,219
Succeeding year	9,461,000
Special assessments	148,665
Drainage assessments:	
Current	68,597
Future	458,781
Due from other governments	9,588
<b>Total assets</b>	<u>11,699,896</u>

**Liabilities**

Accounts payable	550,692
Due to other governments	11,135,670
Trusts payable	4,608
Compensated absences	8,926
<b>Total liabilities</b>	<u>11,699,896</u>

**Net assets** \$ -

See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2011

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

Monona 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, Monona 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 Monona 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.

Fifty-seven 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 Monona County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. Those districts are included as an Agency Fund of the County. Financial information of the individual drainage districts can be obtained from the Monona 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: Monona County Assessor’s Conference Board, Monona County Emergency Management Commission and Monona County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, WESCO Industries, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County’s financial statements

B. Basis of Presentation

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

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

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation 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 fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the Special Revenue, Rural Services Fund and other revenues to be used for the secondary road construction and maintenance.

Additionally, the County reports the following funds:

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents.

Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, 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, 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.

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 nonspendable 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.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

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

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$619,860 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated.

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

**(3) 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
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 202,033	-	-	202,033
Construction in progress, road network	-	252,784	106,471	146,313
Construction in progress, other	55,394	21,078	-	76,472
Total capital assets not being depreciated	<u>257,427</u>	<u>273,862</u>	<u>106,471</u>	<u>424,818</u>
Capital assets being depreciated:				
Buildings	1,993,440	38,730	-	2,032,170
Improvements other than buildings	632,575	-	-	632,575
Equipment and vehicles	8,508,250	995,766	477,806	9,026,210
Infrastructure, road network	12,999,333	106,471	-	13,105,804
Total capital assets being depreciated	<u>24,133,598</u>	<u>1,140,967</u>	<u>477,806</u>	<u>24,796,759</u>
Less accumulated depreciation for:				
Buildings	674,195	1,586	-	675,781
Improvements other than buildings	370,039	19,478	-	389,517
Equipment and vehicles	6,301,663	410,933	470,983	6,241,613
Infrastructure, road network	1,714,470	414,067	-	2,128,537
Total accumulated depreciation	<u>9,060,367</u>	<u>846,064</u>	<u>470,983</u>	<u>9,435,448</u>
Total capital assets being depreciated, net	<u>15,073,231</u>	<u>294,903</u>	<u>6,823</u>	<u>15,361,311</u>
Governmental activities capital assets, net	<u>\$ 15,330,658</u>	<u>568,765</u>	<u>113,294</u>	<u>15,786,129</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 51,083
County environment and education	41,238
Roads and transportation	661,225
Administration	92,518
Total depreciation expense - governmental activities	<u>\$ 846,064</u>

**(4) 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	\$ 15,977
Special Revenue:		
Mental Health	Services	489,082
Secondary Roads	Services	4,009
Total for governmental funds		<u>\$ 509,068</u>
Agency:		
County Offices	Collections	\$ 2,177
Agricultural Extension Education		146,324
County Assessor		425,444
Schools		6,829,257
Community Colleges		384,383
Corporations		1,750,580
Townships		209,906
Special Assessments		150,596
Auto License and Use Tax		232,576
Drainage Districts		894,282
Other		110,145
Total for agency funds		<u>\$ 11,135,670</u>

**(5) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Special Revenue: Rural Services	\$ 15,659
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>1,083,639</u>
Total		<u>\$ 1,099,298</u>

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

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

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

	General Obligation Note	Drainage Warrants	Compen- sated Absences	Other Post- employment Benefits	Total
Balance beginning of year	\$ 250,000	585,240	221,000	12,442	1,068,682
Increases	-	308,857	201,144	15,815	525,816
Decreases	40,000	421,053	229,777	10,107	700,937
Balance end of year	\$ 210,000	473,044	192,367	18,150	893,561
Due within one year	\$ 40,000	-	178,080	-	218,080

General Obligation Note

On December 15, 2005, the County issued a \$400,000 general obligation note to evidence its obligation under a loan agreement entered into in a prior year for the purpose of providing funds to pay a portion of the cost of constructing, furnishing and equipping the Lewis and Clark Visitor Center. The proceeds of the general obligation note were used in December 2005 to redeem the outstanding loan. A summary of the County's June 30, 2011 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	4.10%	\$ 40,000	9,040	49,040
2013	4.20	41,000	7,400	48,400
2014	4.30	42,000	5,678	47,678
2015	4.40	43,000	3,872	46,872
2016	4.50	44,000	1,980	45,980
Total		\$ 210,000	27,970	237,970

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.



**(7) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary for the current year. 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 \$271,896, \$257,318 and \$229,781, respectively, equal to the required contributions for each year.

**(8) 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 with over 645 members from 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 and 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% 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 \$197,675.

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 on an individual-member basis.

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% 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 a separate employee blanket bond in the amounts of \$1,000,000 and \$200,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Plan Description – The County operates a single-employer health benefit plan which provides medical benefits for employees and retirees and their spouses. There are 87 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

The health coverage, which is a partially self-funded health plan, is administered by Employee Benefits System (EBS). Retirees receive coverage for the same plan as when they were active. Retirees pay the full cost of the premium for the health benefits at the same rates which apply to 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	\$ 15,759
Interest on net OPEB obligation	498
Adjustment to annual required contribution	(442)
Annual OPEB cost	<u>15,815</u>
Contributions made	<u>(10,107)</u>
Increase in net OPEB obligation	5,708
Net OPEB obligation beginning of year	<u>12,442</u>
Net OPEB obligation end of year	<u><u>\$ 18,150</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$10,107 to the health plan. Plan members eligible for benefits contributed \$6,526, or 39% 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
2010	\$ 15,759	21%	\$12,442
2011	15,815	64	18,150

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$175,431 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$175,431. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,657,000 and the ratio of the UAAL to covered payroll was 4.8%. 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, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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

Projected claim costs of the health plan are \$858 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(10) Deficit Fund Balance**

The Special Revenue, Mental Health Fund had a deficit fund balance of \$218,592 at June 30, 2011. The deficit balance will be eliminated upon receipt of funds.

**(11) 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:

Fund	Balances	Change of fund	Balance
	June 30, 2010, as previously reported	type classification per implementation of GASB Statement No. 54	
General	\$ 2,363,383	91272	2,454,655
Special Revenue:			
County Attorney Confiscated Property	26,757	(26,757)	-
County Sheriff Confiscated Property	7,579	(7,579)	-
DARE	5,865	(5,865)	-
Jail Trust	33,083	(33,083)	-
Conservation Land Acquisition	9,829	(9,829)	-
Flood and Erosion	8,159	(8,159)	-

**Required Supplementary Information**

Monona 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
<b>Receipts:</b>			
Property and other county tax	\$ 5,139,135	-	5,139,135
Interest and penalty on property tax	48,625	-	48,625
Intergovernmental	4,477,844	24,000	4,453,844
Licenses and permits	23,441	-	23,441
Charges for service	271,494	-	271,494
Use of money and property	158,866	-	158,866
Miscellaneous	870,075	393,536	476,539
Total receipts	<u>10,989,480</u>	<u>417,536</u>	<u>10,571,944</u>
<b>Disbursements:</b>			
Public safety and legal services	1,536,022	-	1,536,022
Physical health and social services	687,595	-	687,595
Mental health	807,071	-	807,071
County environment and education	580,500	-	580,500
Roads and transportation	4,737,031	-	4,737,031
Governmental services to residents	350,783	-	350,783
Administration	1,230,914	-	1,230,914
Non-program	308,857	308,857	-
Debt service	499,822	449,548	50,274
Capital projects	690,325	-	690,325
Total disbursements	<u>11,428,920</u>	<u>758,405</u>	<u>10,670,515</u>
Excess (deficiency) of receipts over (under) disbursements	(439,440)	(340,869)	(98,571)
Other financing sources, net	308,857	308,857	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(130,583)	(32,012)	(98,571)
Balance beginning of year	5,302,222	162,930	5,139,292
Balance end of year	<u>\$ 5,171,639</u>	<u>130,918</u>	<u>5,040,721</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
5,090,890	5,090,890	48,245
24,200	24,200	24,425
4,946,676	4,946,676	(492,832)
11,500	11,500	11,941
224,060	224,060	47,434
144,660	194,660	(35,794)
77,770	77,770	398,769
10,519,756	10,569,756	2,188
1,650,580	1,695,580	159,558
709,608	737,608	50,013
805,500	952,100	145,029
625,721	675,721	95,221
4,796,085	4,896,085	159,054
426,881	434,347	83,564
1,457,974	1,462,074	231,160
-	-	-
50,640	50,640	366
1,190,000	1,199,828	509,503
11,712,989	12,103,983	1,433,468
(1,193,233)	(1,534,227)	1,435,656
-	-	-
(1,193,233)	(1,534,227)	1,435,656
4,729,219	4,224,564	914,728
3,535,986	2,690,337	2,350,384

Monona 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	\$ 10,989,480	651,354	11,640,834
Expenditures	11,428,920	(163,159)	11,265,761
Net	(439,440)	814,513	375,073
Other financing sources, net	308,857	72,491	381,348
Beginning fund balances, as restated	5,302,222	605,386	5,907,608
Ending fund balances	\$ 5,171,639	1,492,390	6,664,029

See accompanying independent auditor's report.



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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service 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, two budget amendments increased budgeted disbursements by \$390,994. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted by function. However, disbursements in one department exceeded the amount appropriated prior to an appropriation amendment.

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Monona County

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

Required Supplementary Information

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Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 163	163	0.00%	\$ 3,592	4.5%
2011	Jul 1, 2009	-	175	175	0.00	3,657	4.8

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**

Monona County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2011

	Resource Enhancement and Protection	County Recorder's Records Management
<b>Assets</b>		
Cash and pooled investments	\$ 21,647	33,263
Receivables:		
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Accrued interest	-	-
Drainage assessments:		
Current	-	-
Future	-	-
Due from other governments	-	364
<b>Total assets</b>	<b>\$ 21,647</b>	<b>33,627</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 195	-
Deferred revenue:		
Succeeding year property tax	-	-
Other	-	-
Total liabilities	195	-
Fund balances:		
Restricted for:		
Drainage warrants/drainage improvement certificates	-	-
Debt service	-	-
Other purposes	21,452	33,627
Total fund balances	21,452	33,627
<b>Total liabilities and fund balances</b>	<b>\$ 21,647</b>	<b>33,627</b>

See accompanying independent auditor's report.

Special Revenue						
County						
Recorder's		Conservation	Drainage	Archer	Debt	
Electronic		Trust	Districts	Trust	Service	Total
Transaction Fee						
311		3,471	130,918	7,862	761	198,233
-		-	-	-	44	44
-		-	-	-	47,000	47,000
-		-	28,000	-	-	28,000
-		-	539,721	-	-	539,721
-		-	201,583	-	-	201,583
-		-	-	-	-	364
311		3,471	900,222	7,862	47,805	1,014,945
-		-	18,803	-	-	18,998
-		-	-	-	47,000	47,000
-		-	741,304	-	44	741,348
-		-	760,107	-	47,044	807,346
-		-	38,292	-	-	38,292
-		-	-	-	761	761
311		3,471	101,823	7,862	-	168,546
311		3,471	140,115	7,862	761	207,599
311		3,471	900,222	7,862	47,805	1,014,945

Monona County

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

Year ended June 30, 2011

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Property tax	\$ -	-	-
Intergovernmental	18,394	-	-
Charges for service	-	1,948	-
Use of money and property	24	22	1
Miscellaneous	-	-	-
Total revenues	18,418	1,970	1
Expenditures:			
Operating:			
County environment and education	39,357	-	-
Governmental services to residents	-	1,500	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	39,357	1,500	-
Excess (deficiency) of revenues over (under) expenditures	(20,939)	470	1
Other financing sources:			
Drainage warrant proceeds	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(20,939)	470	1
Fund balances beginning of year	42,391	33,157	310
Fund balances end of year	\$ 21,452	33,627	311

See accompanying independent auditor's report.

Conservation Trust	Drainage Districts	Archer Trust	Debt Service	Total
-	-	-	48,378	48,378
-	24,000	-	2,365	44,759
-	-	-	-	1,948
-	2,804	-	-	2,851
6,881	393,537	-	-	400,418
6,881	420,341	-	50,743	498,354
7,000	-	-	-	46,357
-	-	-	-	1,500
-	289,628	-	-	289,628
-	449,548	-	50,274	499,822
7,000	739,176	-	50,274	837,307
(119)	(318,835)	-	469	(338,953)
-	308,857	-	-	308,857
(119)	(9,978)	-	469	(30,096)
3,590	150,093	7,862	292	237,695
3,471	140,115	7,862	761	207,599

Monona County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,186	135,674	104,475	6,022
Other County officials	6,785	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Property tax:					
Delinquent	-	138	285	6,782	361
Succeeding year	-	144,000	297,000	6,718,000	378,000
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 6,785</b>	<b>146,324</b>	<b>432,959</b>	<b>6,829,257</b>	<b>384,383</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	-	-	-
Due to other governments	2,177	146,324	425,444	6,829,257	384,383
Trusts payable	4,608	-	-	-	-
Compensated absences	-	-	7,515	-	-
<b>Total liabilities</b>	<b>\$ 6,785</b>	<b>146,324</b>	<b>432,959</b>	<b>6,829,257</b>	<b>384,383</b>

See accompanying independent auditor's report.



Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
30,981	2,853	1,931	232,576	904,357	106,925	1,527,980
-	-	-	-	-	-	6,785
-	-	-	-	-	6,281	6,281
4,599	53	-	-	-	1	12,219
1,715,000	207,000	-	-	-	2,000	9,461,000
-	-	148,665	-	-	-	148,665
-	-	-	-	68,597	-	68,597
-	-	-	-	458,781	-	458,781
-	-	-	-	9,588	-	9,588
<b>1,750,580</b>	<b>209,906</b>	<b>150,596</b>	<b>232,576</b>	<b>1,441,323</b>	<b>115,207</b>	<b>11,699,896</b>
-	-	-	-	547,041	3,651	550,692
1,750,580	209,906	150,596	232,576	894,282	110,145	11,135,670
-	-	-	-	-	-	4,608
-	-	-	-	-	1,411	8,926
<b>1,750,580</b>	<b>209,906</b>	<b>150,596</b>	<b>232,576</b>	<b>1,441,323</b>	<b>115,207</b>	<b>11,699,896</b>

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2011

<b>Assets and Liabilities</b>	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 4,398	141,074	378,925	6,726,516	387,905
Additions:					
Property and other county tax	-	143,574	297,897	6,719,308	377,738
E911 surcharges	-	-	-	-	-
State tax credits	-	6,795	11,035	325,704	18,716
Electronic transaction fees	-	-	-	-	-
Office fees and collections	319,767	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	25,817	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	345,584	150,369	308,932	7,045,012	396,454
Deductions:					
Agency remittances:					
To other funds	220,043	-	-	-	-
To other governments	103,713	145,119	254,898	6,942,271	399,976
Trusts paid out	19,441	-	-	-	-
Total deductions	343,197	145,119	254,898	6,942,271	399,976
Balances end of year	\$ 6,785	146,324	432,959	6,829,257	384,383

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
1,680,779	202,650	208,523	211,632	1,176,238	162,469	11,281,109
1,700,766	207,327	-	-	-	1,587	9,448,197
-	-	-	-	-	55,146	55,146
89,196	9,329	-	-	-	78	460,853
-	-	-	-	-	5,742	5,742
-	-	-	-	-	-	319,767
-	-	-	2,792,492	-	-	2,792,492
-	-	-	-	1,153,680	-	1,153,680
-	-	-	-	-	-	25,817
-	-	-	-	164,465	57,654	222,119
1,789,962	216,656	-	2,792,492	1,318,145	120,207	14,483,813
-	-	-	107,968	-	-	328,011
1,720,161	209,400	57,927	2,663,580	1,053,060	167,469	13,717,574
-	-	-	-	-	-	19,441
1,720,161	209,400	57,927	2,771,548	1,053,060	167,469	14,065,026
1,750,580	209,906	150,596	232,576	1,441,323	115,207	11,699,896

Monona County

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

For the Last Ten Years

	2011	2010	2009
<b>Revenues:</b>			
Property and other county tax	\$ 4,791,180	4,441,028	4,402,891
Local option sales tax	384,895	298,021	328,949
Interest and penalty on property tax	48,625	47,540	36,760
Intergovernmental	4,995,389	5,205,958	5,135,888
Licenses and permits	23,441	19,089	15,549
Charges for service	268,682	270,522	258,797
Use of money and property	151,351	133,476	172,916
Miscellaneous	977,271	168,300	293,012
<b>Total</b>	<b>\$ 11,640,834</b>	<b>10,583,934</b>	<b>10,644,762</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 1,539,312	1,502,227	1,445,381
Physical health and social services	702,058	680,218	665,971
Mental health	943,848	950,776	972,878
County environment and education	579,980	510,339	541,371
Roads and transportation	4,671,066	4,961,380	3,360,561
Governmental services to residents	349,701	357,417	351,495
Administration	1,230,200	1,237,514	1,276,578
Non-program	289,628	526,954	263,501
Debt service	499,822	231,557	209,096
Capital projects	460,146	951,371	711,791
<b>Total</b>	<b>\$ 11,265,761</b>	<b>11,909,753</b>	<b>9,798,623</b>

See accompanying independent auditor's report.

Modified Acrual Basis						
2008	2007	2006	2005	2004	2003	2002
4,156,786	3,827,396	3,505,877	3,236,275	3,578,571	3,668,858	3,748,806
312,547	259,019	286,700	279,548	266,414	291,179	276,474
34,794	34,660	36,065	29,574	32,998	29,779	36,635
4,566,620	4,119,028	4,404,664	4,840,236	4,380,663	3,967,265	4,240,160
13,291	4,782	14,988	8,383	6,894	4,428	5,065
243,990	244,281	254,502	266,643	256,727	232,201	222,179
281,898	273,883	220,167	135,752	115,425	149,762	214,789
261,580	227,401	242,476	160,735	202,117	319,966	638,430
9,871,506	8,990,450	8,965,439	8,957,146	8,839,809	8,663,438	9,382,538
1,410,859	1,524,442	1,366,019	1,286,130	1,236,371	1,342,558	1,147,604
648,216	642,486	678,994	683,490	663,052	659,620	669,676
947,118	876,352	731,575	704,122	743,359	713,374	799,518
484,672	422,869	409,006	457,116	431,777	480,139	477,124
3,225,385	3,616,304	3,560,787	3,705,814	3,762,048	3,024,313	3,663,506
317,837	299,698	420,487	270,144	285,714	263,465	296,038
1,186,945	1,192,533	1,226,434	995,626	1,024,697	1,048,211	1,010,075
198,781	214,719	140,830	63,758	61,913	160,425	415,278
293,199	118,219	71,399	55,308	71,039	323,124	184,230
713,985	333,017	659,460	518,434	2,098,484	263,873	708,162
9,426,997	9,240,639	9,264,991	8,739,942	10,378,454	8,279,102	9,371,211

**Monona County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona 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 May 23, 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 Monona County is responsible for reestablishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Monona 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 Monona County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Monona 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, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) through (E) to be significant deficiencies.

## Compliance and Other Matters


As part of obtaining reasonable assurance about whether Monona 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 the accompanying Schedule of Findings.

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.

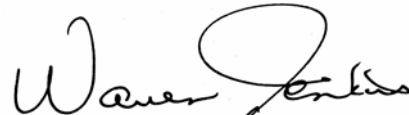
Monona County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Monona County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Monona County and other parties to whom Monona County may report, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Monona 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

May 23, 2012



Monona County

Schedule of Findings

Year ended June 30, 2011

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

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

	<u>Applicable Offices</u>
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts and disbursements. Also, the bank reconciliations are not reviewed by a person who is not responsible for receipts and disbursements.	Treasurer, Sheriff, Recorder, Conservation and County Extension
(2) An independent reconciliation of recorded receipts to the initial listing is not performed.	Treasurer
(3) The person responsible for the detailed record keeping of investments is not independent of the custodian.	Treasurer
(4) Inventory and supplies receiving, accounting and custody responsibilities are not properly segregated.	Secondary Roads
(5) Tickets for camp facilities are not pre-numbered and reconciled with cash receipts	Conservation

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, officials should review the internal control activities of their offices to obtain the maximum internal control possible under the circumstances. The officials should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. Reviews performed by an independent person should be evidenced by the initials or signature of the reviewer and the date of the review.

Responses –

Treasurer – (1) Departments will rotate daily procedure of deposits. (2) A random selection of recorded receipts will be selected daily to reconcile the recorded receipts to the initial listing. (3) Employees separate from those cash receipting will help with reconciliation of investments.

Monona County

Schedule of Findings

Year ended June 30, 2011

Sheriff – The Sheriff’s office will make an effort to have those processing the mail be different from those who make deposits and payments of claims. The Sheriff or his designees will initial deposits as to make sure amounts of monies received match those receipted into the account.

Recorder – We all three check the bank deposits and bank account.

Secondary Roads – The Secondary Roads Department does its best to segregate these responsibilities. However, limited staff prevents this from being adequately done.

County Extension – Staff separate duties of opening and approving bills. Two Council members sign checks and initial financial reports. For 2012, we will start having our Chairperson sign financial statements and keep on file. We will also have Cheri (supervisor) review all deposits and bank statements every month and sign off on them. We already have in place separate duties when it comes to opening and approving bills and have two Council members sign checks.

Conservation – (1) Currently, the Director and a ranger collect receipts and the secretary prepares the deposit. The office will review procedures but with minimal staff, it is difficult to properly segregate these duties. (2) This is almost impossible as tickets are constantly being destroyed by people burning them, writing on them or stealing them. This would be very difficult to track while these issues are still occurring at all parks across the County.

Conclusions –

Treasurer, Sheriff, County Extension and Conservation - Responses accepted.

Recorder and Secondary Roads – Responses acknowledged. The officers should utilize current personnel, including other officers and employees, to provide additional control for their accounts.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables and deferred revenue not recorded in the County’s financial statements. Adjustments were subsequently made by the County to include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and deferred revenues are identified and included in the County’s financial reports.

Response – We continue to inquiry each department to help locate revenue which needs to be deferred.

Conclusion – Response accepted.

Monona County

Schedule of Findings

Year ended June 30, 2011

- (C) Computer Systems – The County has not developed a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County is in the process of hiring an IT administrator. This person will be more than qualified to help us put together a County disaster recovery plan.

Conclusion – Response accepted.

- (D) County Sheriff's Credit Card – During the year, \$54.64 of late fees were assessed on the County Sheriff's credit card. There was also one purchase over \$250 which did not have proper department head approval, as required by the County's credit card policy.

Recommendation – The County should enforce procedures to ensure the timely payment of all bills and to ensure charges are within credit limits to avoid penalties. Also, all purchases over \$250 should have proper approval as required by the County's credit card policy.

Response – The Sheriff's office will make sure all needed documentation is provided so the County Auditor's office can pay the credit card in a timely manner. Credit card statements will be reviewed by the Sheriff to ensure the credit card is paid in a timely manner. Current policies in place which require credit card users in the Sheriff's office to have approval of purchases over \$250 and this policy will be enforced and those purchases over \$250 will have the Sheriff's or his designees signature attached to the purchase order.

Conclusion – Response accepted.

- (E) Capital Assets – Authorization of the Board of Supervisors is not consistently obtained prior to purchase or disposition of equipment.

Recommendation – A system to obtain authorization prior to purchasing or disposing of equipment should be developed. Procedures should ensure assets added to or deleted from the capital assets records are properly approved.

Response – A policy will be drafted detailing proper procedures for capital asset additions and deletions. All additions and deletions should have pre-approval by the Board of Supervisors. Currently, the procurement policy only requires pre-approval for the purchase of a capital asset.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Monona County

Schedule of Findings

Year ended June 30, 2011

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted by function. However, disbursements in one department exceeded the amount appropriated prior to authorization of an amendment.

Recommendation – 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 by increasing or decreasing the appropriation of another 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 month end reports will now be run by Fund by Department. This will help prevent this in the future.

Conclusion – Response accepted.

- (2) 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.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) 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.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) 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.

Monona County

Schedule of Findings

Year ended June 30, 2011

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.

- (10) Compliance with City Agreements – The County did not remit the amounts due to cities for their share of farm-to-market funds related to roads managed and maintained in a timely manner.

Recommendation – The County should ensure payments to cities are made timely to comply with the Code of Iowa and Chapter 28E agreements.

Response – The Secondary Roads Department will implement procedures to ensure road use tax payments are completed in accordance with 28E agreements by the end of each fiscal year.

Conclusion – Response accepted.

- (11) Clothing Allowance Purchase – The County has adopted a clothing allowance policy which establishes an amount which may be spent on clothing, equipment or cleaning expenses for Sheriff's office deputies or the Sheriff. The policy also states property purchased by the County as a uniform for a deputy or the Sheriff will remain the property of the County. The policy specifies approved items include, but are not limited to, uniforms, badges, boots, shoes, coats, hats, gloves, winter weather gear, eye protection, holsters, handcuffs, leather gear, belts, equipment for firearms, etc.

An expenditure of \$240 for the purchase of a dive watch for a Sheriff's office deputy which does not appear to be an allowable item according to the County's clothing allowance policy was noted.

Recommendation – The County should take steps to ensure compliance with the County's clothing allowance policy.

Response - The Sheriff's office will, in the future, make sure purchases comply with the clothing allowance policy prior to authorization of the claim.

Conclusion – Response acknowledged. In addition, clothing or equipment items purchased should remain the property of the County.

- (12) Deficit Fund Balance – The Special Revenue, Mental Health Fund had a deficit fund balance of \$218,592 at June 30, 2011.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The Board of Supervisors, County Auditor and Department Head will evaluate and ensure all procedures are followed in the event the fund balance is expected to have a deficit GAAP balance. We plan to enhance our resources through additional grant collections.

Conclusion – Response accepted.

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Monona County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager  
Michael J. Hackett, Senior Auditor  
Patricia J. King, Senior Auditor II  
Hannah K. Haas, Assistant Auditor  
Ryan T. Jelsma, Assistant Auditor  
Cory A. Lee, Assistant Auditor  
Karie A. Meisgeier, Assistant Auditor  
Jamie T. Reuter, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State