



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 11, 2008

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

The County had local tax revenue of \$23,395,689 for the year ended June 30, 2007, which included \$947,781 in tax credits from the state. The County forwarded \$17,502,167 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,893,522 of the local tax revenue to finance County operations, a 3.9 percent increase over the prior year. Other revenues included charges for service of \$2,323,236, operating grants and contributions of \$4,623,947, capital grants and contributions of \$2,752,649, local option sales tax of \$940,793, unrestricted investment earnings of \$341,785 and other general revenues of \$238,622.

Expenses for County operations totaled \$13,969,828, a 6.4 percent increase over the prior year. Expenses included \$4,680,498 for roads and transportation, \$2,996,385 for mental health and \$2,371,169 for public safety and legal services.

A copy of the 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/reports.htm>.

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CARROLL COUNTY

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

JUNE 30, 2007

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Carroll County

Officials

(Before January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Neil Bock	Board of Supervisors	Jan 2007
Marty Danzer	Board of Supervisors	Jan 2007
Del McDermott	Board of Supervisors	Jan 2009
Eugene Meiners	Board of Supervisors	Jan 2009
Neil I. Trobak	Board of Supervisors	Jan 2009
Paul S. Fricke	County Auditor	Jan 2009
Peggy Weitl	County Treasurer	Jan 2007
Marilyn Dopheide	County Recorder	Jan 2007
Douglas R. Bass	County Sheriff	Jan 2009
John Werden	County Attorney	Jan 2007
Diane S. Janning	County Assessor	Jan 2010

(After January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Del McDermott	Board of Supervisors	Jan 2009
Eugene Meiners	Board of Supervisors	Jan 2009
Neil I. Trobak	Board of Supervisors	Jan 2009
Dan Nieland	Board of Supervisors	Jan 2011
Marty Danzer	Board of Supervisors	Jan 2011
Paul S. Fricke	County Auditor	Retired Apr 2007
Joan Schettler(appointed)	County Auditor	Nov 2008
Peggy Weitl	County Treasurer	Jan 2011
Marilyn Dopheide	County Recorder	Jan 2011
Douglas R. Bass	County Sheriff	Jan 2009
John Werden	County Attorney	Jan 2011
Diane S. Janning	County Assessor	Jan 2010

Carroll County



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Independent Auditor's Report

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit.

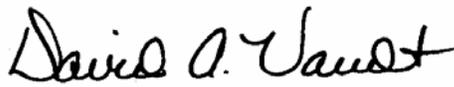
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Carroll County at June 30, 2007, 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 January 23, 2008 on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 44 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2002 (which are not presented herein) and expressed a qualified opinion on those financial statements for the effects of the omission of the general fixed asset account group. 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

January 23, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carroll County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 12.8%, or approximately \$1,940,000, from fiscal 2006 to fiscal 2007. Property tax revenue increased approximately \$278,000, operating grants and contributions increased approximately \$330,000 and capital grants and contributions increased approximately \$1,120,000.
- Expenses increased 6.4%, or approximately \$845,000, in fiscal 2007 from fiscal 2006. Mental health expenses increased approximately \$334,000, roads and transportation expenses increased approximately \$175,000 and administration expenses increased approximately \$164,000.
- The County's net assets increased 10.3%, or approximately \$3,145,000, from June 30, 2006 to June 30, 2007.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

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, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

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

2) A proprietary fund accounts 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. Carroll County’s combined net assets increased from a year ago, from \$30.6 million to \$33.7 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

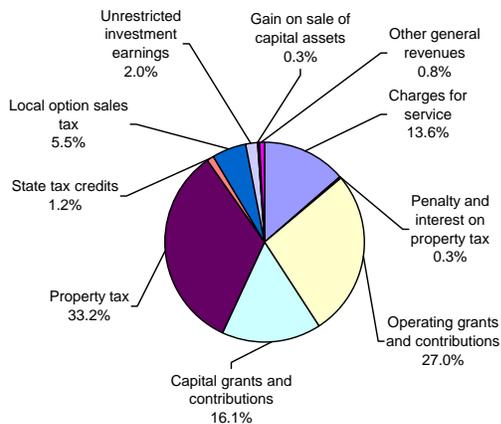
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2007	2006
Current and other assets	\$ 13,881	12,396
Capital assets	27,139	25,108
Total assets	<u>41,020</u>	<u>37,504</u>
Long-term liabilities	609	450
Other liabilities	6,677	6,501
Total liabilities	<u>7,286</u>	<u>6,951</u>
Net assets:		
Invested in capital assets, net of related debt	26,708	24,852
Restricted	3,480	3,025
Unrestricted	3,546	2,712
Total net assets	<u>\$ 33,734</u>	<u>30,589</u>

Net assets of Carroll County’s governmental activities increased by 10.3% (from \$30.6 million to \$33.7 million). The largest portion of the County’s net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$2,712,000 at June 30, 2006 to approximately \$3,546,000 at the end of this year, an increase of 30.8%.

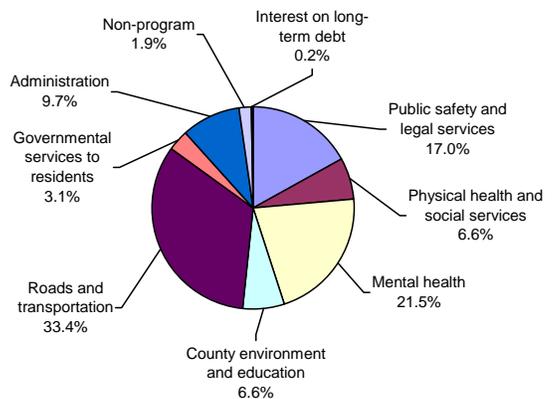
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 2,323	2,081
Operating grants and contributions	4,624	4,294
Capital grants and contributions	2,752	1,632
General revenues:		
Property tax	5,687	5,409
Penalty and interest on property tax	44	37
State tax credits	207	266
Local option sales tax	941	838
Unrestricted investment earnings	342	230
Gain on sale of capital assets	50	-
Other general revenues	145	388
Total revenues	17,115	15,175
Program expenses:		
Public safety and legal services	2,371	2,283
Physical health and social services	923	938
Mental health	2,997	2,663
County environment and education	923	889
Roads and transportation	4,681	4,506
Governmental services to residents	428	447
Administration	1,355	1,191
Non-program	268	189
Interest on long-term debt	24	19
Total expenses	13,970	13,125
Increase in net assets	3,145	2,050
Net assets beginning of year	30,589	28,539
Net assets end of year	\$ 33,734	30,589

Revenue by Source



Expenditures by Program



Carroll County's governmental activities net assets increased by approximately \$3,145,000 during the year. Revenues for governmental activities increased by approximately \$1,940,000 from the prior year, with capital grants and contributions up from the prior year by approximately \$1,120,000, or 68.6%. The increase was primarily the result of an increase in contributions for roads from the State of Iowa to Carroll County of approximately \$1,346,000.

The cost of all governmental activities this year was approximately \$14 million compared to \$13.1 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$4.3 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,323,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$7,377,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased from approximately \$8,008,000 in 2006 to approximately \$9,700,000 in 2007, due to an increase in contributions for roads from the State of Iowa to Carroll County of approximately \$1,346,000. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$7,415,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Carroll County completed the year, its governmental funds reported a combined fund balance of \$6.5 million, an increase of approximately \$1,100,000 from last year's total of \$5.4 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$212,000, or 3.4%, over the prior year. The ending fund balance increased approximately \$858,000 over the prior year to approximately \$2,769,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$3,003,000, an increase of \$333,000 or 12.5% over the prior year. The Mental Health Fund balance at year end decreased approximately \$238,000 from the prior year to approximately \$128,000.
- The revenues of the Rural Services Fund decreased approximately \$83,000, primarily due to a decrease in property and other county tax revenue. The ending fund balance decreased approximately \$119,000 from June 30, 2006 to June 30, 2007.
- Secondary Roads Fund expenditures increased approximately \$225,000, primarily due to normal increases in costs of materials and fuel. The ending balance increased approximately \$147,000 from June 30, 2006 to June 30, 2007.

BUDGETARY HIGHLIGHTS

Over the course of the year, Carroll County amended its budget two times. The first amendment was made in December 2006 and resulted in an increase in disbursements of \$482,125 related to the courthouse improvements, the Conservation Department's Riverside capital project, and mental health grant disbursements. The first amendment also increased receipts by \$235,050 for the sale of capital assets and an increase in federal receipts. The second amendment was made in May 2007. This amendment was made to increase disbursements by approximately \$64,210 for REAP disbursements and the first payment of a commitment made by the County. The second amendment also increased receipts and other financing sources by \$592,485 for long-term debt issuance proceeds and an increase in local option sales tax receipts.

The County's total receipts were \$726,135 more than the final budget amount. Actual receipts for charges for service were \$346,517 more than budgeted. Actual receipts for use of money and property were \$114,821 more than budgeted. The County also received \$120,351 more miscellaneous receipts than expected.

Total disbursements were \$947,217 less than the amended budget. Actual disbursements for the capital projects function were \$539,551 less than budgeted.

The County did not exceed the budgeted amounts by function during the year ended June 30, 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Carroll County had approximately \$27.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$2,030,000, or 8.1%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2007	2006
Land	\$ 1,096	1,126
Construction in progress	2,353	-
Buildings	4,585	4,586
Equipment and vehicles	3,090	3,076
Infrastructure	16,015	16,321
Total	<u>\$ 27,139</u>	<u>25,109</u>

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

Construction in progress	\$ 2,353
Secondary roads equipment and infrastructure	860
Courthouse building improvements	193
Courthouse telephone system	38
County Sheriff and conservation vehicles	65
Total	<u>\$ 3,509</u>

The County had depreciation expense of approximately \$1,408,000 in FY07 and total accumulated depreciation of approximately \$19,845,000 at June 30, 2007.

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

Long-Term Debt

At June 30, 2007, Carroll County had \$430,470 in bank loans outstanding, compared to \$256,589 at June 30, 2006.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Carroll County's outstanding debt is significantly below its constitutional debt limit of \$57.8 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.8% versus 2% a year ago.

These indicators were taken into account when adopting the budget for fiscal year 2008. Amounts available for appropriation in the operating budget are approximately \$12.9 million, a decrease of 11% from the final 2007 budget. The County has added no major new programs or initiatives to the 2008 budget.

If these estimates are realized, the County's budgetary operating balance is expected to increase approximately \$437,000 by the close of 2008.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Carroll County

Basic Financial Statements

Exhibit A

Carroll County
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,262,817
Receivables:	
Property tax:	
Delinquent	10,794
Succeeding year	5,851,000
Interest and penalty on property tax	67,216
Accounts (net of allowance for doubtful accounts of \$125,059)	269,014
Accrued interest	27,163
Due from other governments	440,158
Inventories	892,636
Prepaid insurance	60,096
Capital assets (net of accumulated depreciation)	27,138,572
Total assets	<u>41,019,466</u>
Liabilities	
Accounts payable	432,108
Salaries and benefits payable	11,489
Due to other governments	382,373
Deferred revenue:	
Succeeding year property tax	5,851,000
Long-term liabilities:	
Portion due or payable within one year:	
Bank loans	142,468
Compensated absences	17,880
Portion due or payable after one year:	
Bank loans	288,002
Compensated absences	160,264
Total liabilities	<u>7,285,584</u>
Net Assets	
Invested in capital assets, net of related debt	26,708,102
Restricted for:	
Supplemental levy purposes	316,779
Mental health purposes	121,579
Secondary roads purposes	2,254,027
Debt service	1,069
Other purposes	786,840
Unrestricted	3,545,486
Total net assets	<u>\$ 33,733,882</u>

See notes to financial statements.

Carroll County

Statement of Activities

Year ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses				
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 2,371,169	1,035,434	56,515	- (1,279,220)
Physical health and social services	923,307	260,671	246,118	- (416,518)
Mental health	2,996,385	3,218	1,306,082	- (1,687,085)
County environment and education	923,083	109,540	385,881	104,941 (322,721)
Roads and transportation	4,680,498	386,687	2,612,497	2,647,708 966,394
Governmental services to residents	428,068	323,816	16,854	- (87,398)
Administration	1,355,142	71,733	-	- (1,283,409)
Non-program	274,364	132,137	-	- (142,227)
Interest on long-term debt	17,812	-	-	- (17,812)
Total	\$ 13,969,828	2,323,236	4,623,947	2,752,649 (4,269,996)
General Revenues:				
Property and other county tax levied for:				
General purposes				5,572,871
Debt service				113,947
Penalty and interest on property tax				43,534
State tax credits				206,704
Local option sales tax				940,793
Unrestricted investment earnings				341,785
Gain on sale of capital assets				49,919
Miscellaneous				145,169
Total general revenues				7,414,722
Change in net assets				3,144,726
Net assets beginning of year				30,589,156
Net assets end of year				\$ 33,733,882

See notes to financial statements.

Carroll County
Balance Sheet
Governmental Funds

June 30, 2007

Assets	General	Mental Health
Cash and pooled investments	\$ 2,611,748	523,954
Receivables:		
Property tax:		
Delinquent	6,964	2,877
Succeeding year	3,401,000	1,553,000
Interest and penalty on property tax	67,216	-
Accounts (net of allowance for doubtful accounts of \$125,059)	259,920	4,594
Accrued interest	27,163	-
Due from other funds	-	-
Due from other governments	100,343	6,455
Inventories	-	-
Prepaid insurance	52,894	-
Total assets	\$ 6,527,248	2,090,880
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 114,456	74,697
Salaries and benefits payable	11,489	-
Due to other funds	8,298	113
Due to other governments	49,150	332,333
Deferred revenue:		
Succeeding year property tax	3,401,000	1,553,000
Other	173,466	2,877
Total liabilities	<u>3,757,859</u>	<u>1,963,020</u>
Fund balances:		
Reserved for:		
Supplemental levy purposes	324,955	-
Debt service	-	-
Unreserved, reported in:		
General fund	2,444,434	-
Special revenue funds	-	127,860
Capital projects fund	-	-
Total fund balances	<u>2,769,389</u>	<u>127,860</u>
Total liabilities and fund balances	\$ 6,527,248	2,090,880

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
416,860	1,249,044	793,084	5,594,690
694	-	259	10,794
772,000	-	125,000	5,851,000
-	-	-	67,216
-	946	3,554	269,014
-	-	-	27,163
-	8,435	-	8,435
46,725	254,595	32,040	440,158
-	892,636	-	892,636
-	7,202	-	60,096
1,236,279	2,412,858	953,937	13,221,202
399	76,044	41,028	306,624
-	-	-	11,489
24	-	-	8,435
-	890	-	382,373
772,000	-	125,000	5,851,000
694	-	259	177,296
773,117	76,934	166,287	6,737,217
-	-	-	324,955
-	-	810	810
-	-	-	2,444,434
463,162	2,335,924	232,794	3,159,740
-	-	554,046	554,046
463,162	2,335,924	787,650	6,483,985
1,236,279	2,412,858	953,937	13,221,202

Carroll County

Carroll County

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

June 30, 2007

Total governmental fund balances (page 19) \$ 6,483,985

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 funds. The cost of assets is \$46,983,625 and the accumulated depreciation is \$19,845,053. 27,138,572

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 177,296

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 542,643

Long-term liabilities, including bank loans payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (608,614)

Net assets of governmental activities (page 16) \$ 33,733,882

See notes to financial statements.

Carroll County

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

Year ended June 30, 2007

	General	Mental Health
Revenues:		
Property and other county tax	\$ 3,609,616	1,393,144
Interest and penalty on property tax	36,749	-
Intergovernmental	673,430	1,350,108
Licenses and permits	80,287	-
Charges for service	1,655,044	20,342
Use of money and property	397,106	-
Miscellaneous	73,876	1,412
Total revenues	<u>6,526,108</u>	<u>2,765,006</u>
Expenditures:		
Operating:		
Public safety and legal services	2,076,071	-
Physical health and social services	935,308	-
Mental health	-	3,003,054
County environment and education	704,521	-
Roads and transportation	-	-
Governmental services to residents	427,966	-
Administration	1,194,823	-
Non-program	204,637	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>5,543,326</u>	<u>3,003,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>982,782</u>	<u>(238,048)</u>
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	(194,640)	-
Sale of capital assets	70,000	-
Bank loan proceeds	-	-
Total other financing sources (uses)	<u>(124,640)</u>	<u>-</u>
Net change in fund balances	858,142	(238,048)
Fund balances beginning of year	<u>1,911,247</u>	<u>365,908</u>
Fund balances end of year	<u>\$ 2,769,389</u>	<u>127,860</u>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
1,226,699	22,695	347,769	6,599,923
-	-	-	36,749
38,725	2,714,809	51,659	4,828,731
639	5,315	-	86,241
-	-	7,167	1,682,553
-	600	2,400	400,106
-	352,219	255,253	682,760
1,266,063	3,095,638	664,248	14,317,063
298,641	-	-	2,374,712
-	-	-	935,308
-	-	-	3,003,054
129,214	-	80,554	914,289
14,000	3,567,795	-	3,581,795
-	-	2,442	430,408
-	-	-	1,194,823
-	-	13,806	218,443
-	-	193,531	193,531
-	451,654	372,904	824,558
441,855	4,019,449	663,237	13,670,921
824,208	(923,811)	1,011	646,142
-	1,067,600	70,000	1,137,600
(942,960)	-	-	(1,137,600)
-	3,000	-	73,000
-	-	400,000	400,000
(942,960)	1,070,600	470,000	473,000
(118,752)	146,789	471,011	1,119,142
581,914	2,189,135	316,639	5,364,843
463,162	2,335,924	787,650	6,483,985

Carroll County

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

Year ended June 30, 2007

Net change in fund balances - Total governmental funds (page 23) \$ 1,119,142

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

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

Expenditures for capital assets	\$ 813,965	
Capital assets contributed by other governments	2,647,708	
Depreciation expense	<u>(1,408,178)</u>	2,053,495

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (23,081)

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	9,987	
Other	<u>(62,774)</u>	(52,787)

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 debt issued exceeded repayments, as follows:

Issued	(400,000)	
Repaid	<u>226,119</u>	(173,881)

Compensated absences 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. 15,041

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 206,797

Change in net assets of governmental activities (page 17) \$ 3,144,726

See notes to financial statements.

Carroll County
Statement of Net Assets
Proprietary Fund
June 30, 2007

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 668,127
Liabilities	
Accounts payable	<u>125,484</u>
Net Assets	
Unrestricted	<u><u>\$ 542,643</u></u>

See notes to financial statements.

Exhibit H

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

Year ended June 30, 2007

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 914,885
Reimbursements from employees		<u>121,756</u>
Total operating revenues		1,036,641
Operating expenses:		
Medical claims	\$ 667,625	
Administrative fees	<u>180,233</u>	<u>847,858</u>
Operating income		188,783
Non-operating revenues:		
Interest income		<u>18,014</u>
Net income		206,797
Net assets beginning of year		<u>335,846</u>
Net assets end of year		<u><u>\$ 542,643</u></u>

See notes to financial statements.

Carroll County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2007

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 914,885
Cash received from employees and others	121,756
Cash paid to suppliers for services	(914,590)
Net cash provided by operating activities	122,051
Cash flows from investing activities:	
Interest on investments	18,014
Net increase in cash and cash equivalents	140,065
Cash and cash equivalents beginning of year	528,062
Cash and cash equivalents end of year	\$ 668,127
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 188,783
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	(66,732)
Net cash provided by operating activities	\$ 122,051

See notes to financial statements.

Carroll County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets

Cash and pooled investments:	
County Treasurer	\$ 916,811
Other County officials	29,144
Receivables:	
Property tax:	
Delinquent	46,297
Succeeding year	16,802,000
Accounts	48,308
Accrued interest	1,024
Due from other governments	6,708
Total assets	<u>17,850,292</u>

Liabilities

Accounts payable	4,862
Due to other governments	17,821,979
Trusts payable	20,706
Compensated absences	2,745
Total liabilities	<u>17,850,292</u>

Net assets	<u><u>\$ -</u></u>
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See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Carroll County Assessor's Conference Board, Carroll County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2)

grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following 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 agency for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

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

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

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

The proprietary 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 Internal Service Funds 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories 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, 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 or estimated 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 and buildings	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	30 - 50
Infrastructure	15 - 65
Equipment	2 - 40
Vehicles	4 - 10

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation 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, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted. Although the Board of Supervisors acted to increase appropriations to several departments, the amendment changes were made after disbursements had exceeded the appropriations.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had an investment in the Iowa Public Agency Investment Trust which is valued at an amortized cost of \$100,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	General Special Revenue: Mental Health Rural Services	\$ 8,298 113 24
Total		\$ 8,435

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 942,960
Secondary Roads	General	124,640
Capital Projects	General	70,000
		<u> </u>
Total		<u>\$ 1,137,600</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,126,131	-	(30,000)	1,096,131
Construction in progress	-	2,946,490	(593,907)	2,352,583
Total capital assets not being depreciated	<u>1,126,131</u>	<u>2,946,490</u>	<u>(623,907)</u>	<u>3,448,714</u>
Capital assets being depreciated:				
Buildings	6,185,925	192,850	(50,000)	6,328,775
Equipment and vehicles	6,659,140	404,353	(203,961)	6,859,532
Infrastructure, road network	29,702,201	593,907	-	30,296,108
Infrastructure, other	50,496	-	-	50,496
Total capital assets being depreciated	<u>42,597,762</u>	<u>1,191,110</u>	<u>(253,961)</u>	<u>43,534,911</u>
Less accumulated depreciation for:				
Buildings	1,600,152	143,136	-	1,743,288
Equipment and vehicles	3,583,469	365,311	(178,860)	3,769,920
Infrastructure, road network	13,426,054	897,712	-	14,323,766
Infrastructure, other	6,060	2,019	-	8,079
Total accumulated depreciation	<u>18,615,735</u>	<u>1,408,178</u>	<u>(178,860)</u>	<u>19,845,053</u>
Total capital assets being depreciated, net	<u>23,982,027</u>	<u>(217,068)</u>	<u>(75,101)</u>	<u>23,689,858</u>
Governmental activities capital assets, net	<u>\$ 25,108,158</u>	<u>2,729,422</u>	<u>(699,008)</u>	<u>27,138,572</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 71,387
Physical health and social services		1,450
County environment and education		71,900
Roads and transportation		1,177,938
Governmental services to residents		27,101
Administration		<u>58,402</u>
Total depreciation expense - governmental activities		<u><u>\$ 1,408,178</u></u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	<u>\$ 49,150</u>
Special Revenue:		
Mental Health	Services	332,333
Secondary Roads	Services	890
		<u>333,223</u>
Total for governmental funds		<u><u>\$ 382,373</u></u>
Agency:		
Agricultural Extension Education	Collections	\$ 152,379
County Assessor		317,332
Schools		9,288,441
Community Colleges		455,412
Corporations		6,662,478
Townships		223,479
Auto License and Use Tax		490,014
E911 Service Commission		154,316
All other		<u>78,128</u>
Total for agency funds		<u><u>\$ 17,821,979</u></u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	County Bank Loans	Conservation Foundation Bank Loan	Compen- sated Absences	Total
Balance beginning of year	\$ 205,043	51,546	193,185	449,774
Increases	400,000	-	237,334	637,334
Decreases	174,573	51,546	252,375	478,494
Balance end of year	\$ 430,470	-	178,144	608,614
Due within one year	\$ 142,468	-	17,880	160,348

County Bank Loans

On August 18, 2003, the County entered into a bank loan with Commercial Federal Bank, Carroll, Iowa for \$200,000 to pay off an existing loan with the Iowa Natural Heritage Foundation. The terms of the bank loan provided for seven annual payments of principal and interest totaling \$32,768, beginning July 1, 2004, with all principal and interest due and payable in full on July 1, 2010. The County paid more than the required principal payment in 2007. During the year ended June 30, 2007, the County paid \$44,842 and \$5,559 of principal and interest, respectively, on the loan. The unpaid balance at June 30, 2007 totaled \$77,470.

A summary of the County's obligations under the loan dated April 14, 2003 is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2008	2.74%	\$ 33,000	907	33,907

On December 26, 2006, the County entered into a bank loan with Carroll County State Bank, Carroll, Iowa for \$400,000 to finance improvements to the Carroll County courthouse. The terms of the bank loan provide for five annual payments of principal and interest beginning June 1, 2007 with annual principal payments of \$80,000 with varying interest amounts. During the year ended June 30, 2007, the County paid \$80,000 and \$7,462 of principal and interest, respectively, on the loan. The unpaid balance at June 30, 2007 totaled \$320,000. A summary of the County's obligation under the loan dated December 26, 2006 is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2008	4.94%	\$ 80,000	15,851	95,851
2009	4.94	80,000	11,856	91,856
2010	4.94	80,000	7,904	87,904
2011	4.94	80,000	3,952	83,952
Total		\$ 320,000	39,563	359,563

Conservation Foundation Bank Loan

On August 3, 2004, the Carroll County Conservation Foundation entered into a bank loan with Commercial Savings Bank, Carroll, Iowa for \$486,000 to finance construction of the Conservation Education Center. The terms of the bank loan provided for monthly principal and interest payments beginning December 1, 2004 equal to the monthly ending balance in a savings account held by the Conservation Foundation, with all principal and interest due and payable in full on August 1, 2005. On August 2, 2005 the terms of the bank loan were changed to provide for a single payment of the unpaid principal balance plus accrued interest on August 1, 2006. During the year ended June 30, 2007, the Conservation Foundation paid \$51,546 and \$2,725 of principal and interest, respectively, on the loan. As of June 30, 2007 the loan has been paid off.

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$251,665, \$239,360 and \$230,909, respectively, equal to the required contributions for each year.

(9) Risk Management

Carroll County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$82,401.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 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, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

(10) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Internal Service Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Internal Service Fund. The County's contribution for the year ended June 30, 2007 was \$914,885.

Amounts payable from the Internal Service Fund at June 30, 2007 total \$125,484, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$542,643 at June 30, 2007 and is reported as a designation of the Internal Service Fund Net Assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 192,216
Incurred claims (including claims incurred but not reported at June 30, 2007)	667,625
Payment on claims during the fiscal year	<u>734,357</u>
Unpaid claims end of year	<u>\$ 125,484</u>

(11) Revenue Bonds

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

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

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

(12) County Care Facility

On July 1, 1990, the management and operation of the Carroll County Care Facility was assumed by Mallard View, Inc. The agreement requires the operator to make monthly rental payments to the County and for the County to pay the operator for services rendered. This agreement was renewed for the period commencing on July 1, 2005 and ending on June 30, 2008.

Required Supplementary Information

Carroll County

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

Required Supplementary Information

Year ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 6,530,630	-	6,530,630
Interest and penalty on property tax	32,831	-	32,831
Intergovernmental	4,895,189	-	4,895,189
Licenses and permits	80,192	-	80,192
Charges for service	1,656,367	-	1,656,367
Use of money and property	398,069	375	397,694
Miscellaneous	688,873	150,312	538,561
Total receipts	14,282,151	150,687	14,131,464
Disbursements:			
Public safety and legal services	2,387,442	-	2,387,442
Physical health and social services	936,227	-	936,227
Mental health	2,953,782	-	2,953,782
County environment and education	917,732	48,827	868,905
Roads and transportation	3,807,173	-	3,807,173
Governmental services to residents	415,658	-	415,658
Administration	1,149,304	-	1,149,304
Non-program	175,366	10,339	165,027
Debt service	190,272	71,272	119,000
Capital projects	796,519	-	796,519
Total disbursements	13,729,475	130,438	13,599,037
Excess (deficiency) of receipts over (under) disbursements	552,676	20,249	532,427
Other financing sources, net	473,000	-	473,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,025,676	20,249	1,005,427
Balance beginning of year	4,569,014	151,097	4,417,917
Balance end of year	\$ 5,594,690	171,346	5,423,344

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
6,414,329	6,514,329	16,301
20,500	20,500	12,331
4,657,017	4,791,942	103,247
67,625	67,625	12,567
1,309,850	1,309,850	346,517
222,873	282,873	114,821
358,600	418,210	120,351
<u>13,050,794</u>	<u>13,405,329</u>	<u>726,135</u>
2,447,940	2,470,815	83,373
1,014,682	1,016,182	79,955
2,974,649	2,996,149	42,367
834,209	879,209	10,304
3,827,500	3,827,500	20,327
411,421	428,606	12,948
1,208,158	1,222,723	73,419
250,000	250,000	84,973
119,000	119,000	-
912,360	1,336,070	539,551
<u>13,999,919</u>	<u>14,546,254</u>	<u>947,217</u>
(949,125)	(1,140,925)	1,673,352
-	473,000	-
(949,125)	(667,925)	1,673,352
<u>3,166,972</u>	<u>3,166,972</u>	<u>1,250,945</u>
<u>2,217,847</u>	<u>2,499,047</u>	<u>2,924,297</u>

Carroll County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 14,282,151	34,912	14,317,063
Expenditures	13,729,475	(58,554)	13,670,921
Net	552,676	93,466	646,142
Other financing sources, net	473,000	-	473,000
Beginning fund balances	4,569,014	795,829	5,364,843
Ending fund balances	\$ 5,594,690	889,295	6,483,985

See accompanying independent auditor's report.

Carroll County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$546,335. 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, 2007, disbursements did not exceed the amounts budgeted. Although the Board of Supervisors acted to increase appropriations to several departments, the amendment changes were made after disbursements had exceeded the appropriations.

Carroll County

Other Supplementary Information

Carroll County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

	Resource Enhance- ment and Protection	County Recorder's Records Management	Special Revenue County Recorder's Electronic Transaction Fee
Assets			
Cash and pooled investments:			
County Treasurer	\$ 36,922	20,962	3,477
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Due from other governments	-	-	-
Total assets	\$ 36,922	20,962	3,477
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	-	-	-
Fund equity:			
Fund balances:			
Reserved for debt service	-	-	-
Unreserved, reported in:			
Special revenue funds	36,922	20,962	3,477
Capital projects fund	-	-	-
Total fund equity	36,922	20,962	3,477
Total liabilities and fund equity	\$ 36,922	20,962	3,477

See accompanying independent auditor's report.

Drainage Districts	Conservation Foundation	County Attorney Collection	Debt Service	Capital Projects	Total
108,051	-	-	4,068	553,418	726,898
-	63,295	-	-	2,891	66,186
-	-	-	259	-	259
-	-	-	125,000	-	125,000
-	-	3,554	-	-	3,554
-	-	-	-	32,040	32,040
108,051	63,295	3,554	129,327	588,349	953,937
3,467	-	-	3,258	34,303	41,028
-	-	-	125,000	-	125,000
-	-	-	259	-	259
3,467	-	-	128,517	34,303	166,287
-	-	-	810	-	810
104,584	63,295	3,554	-	-	232,794
-	-	-	-	554,046	554,046
104,584	63,295	3,554	810	554,046	787,650
108,051	63,295	3,554	129,327	588,349	953,937

Carroll County

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

Year ended June 30, 2007

	Resource	County	Special Revenue
	Enhance- ment and Protection	Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	42,908	-	-
Charges for service	-	3,103	76
Use of money and property	302	1,723	-
Miscellaneous	-	-	-
Total revenues	43,210	4,826	76
Expenditures:			
Operating:			
County environment and education	31,727	-	-
Governmental services to residents	-	408	2,034
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	31,727	408	2,034
Excess (deficiency) of revenues over (under) expenditures	11,483	4,418	(1,958)
Other financing sources:			
Operating transfers in	-	-	-
Bank loan proceeds	-	-	-
Total other financing sources	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	11,483	4,418	(1,958)
Fund balances beginning of year	25,439	16,544	5,435
Fund balances end of year	\$ 36,922	20,962	3,477

See accompanying independent auditor's report.

Drainage Districts	Conservation Foundation	County Attorney Collection	Debt Service	Capital Projects	Total
-	-	-	113,906	233,863	347,769
-	-	3,554	5,197	-	51,659
-	-	-	-	3,988	7,167
-	375	-	-	-	2,400
6,097	144,215	-	-	104,941	255,253
6,097	144,590	3,554	119,103	342,792	664,248
-	48,827	-	-	-	80,554
-	-	-	-	-	2,442
13,806	-	-	-	-	13,806
-	71,272	-	122,259	-	193,531
-	-	-	-	372,904	372,904
13,806	120,099	-	122,259	372,904	663,237
(7,709)	24,491	3,554	(3,156)	(30,112)	1,011
-	-	-	-	70,000	70,000
-	-	-	-	400,000	400,000
-	-	-	-	470,000	470,000
(7,709)	24,491	3,554	(3,156)	439,888	471,011
112,293	38,804	-	3,966	114,158	316,639
104,584	63,295	3,554	810	554,046	787,650

Carroll County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,114	127,042	80,345	4,372
Other County officials	29,144	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	265	347	20,096	1,040
Succeeding year	-	151,000	193,000	9,188,000	450,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 29,144	152,379	320,389	9,288,441	455,412
Liabilities					
Accounts payable	\$ -	-	312	-	-
Due to other governments	8,438	152,379	317,332	9,288,441	455,412
Trusts payable	20,706	-	-	-	-
Compensated absences	-	-	2,745	-	-
Total liabilities	\$ 29,144	152,379	320,389	9,288,441	455,412

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
42,135	2,328	490,014	103,163	66,298	916,811
-	-	-	-	-	29,144
24,343	151	-	-	55	46,297
6,596,000	221,000	-	-	3,000	16,802,000
-	-	-	47,951	357	48,308
-	-	-	1,024	-	1,024
-	-	-	6,708	-	6,708
6,662,478	223,479	490,014	158,846	69,710	17,850,292
-	-	-	4,530	20	4,862
6,662,478	223,479	490,014	154,316	69,690	17,821,979
-	-	-	-	-	20,706
-	-	-	-	-	2,745
6,662,478	223,479	490,014	158,846	69,710	17,850,292

Carroll County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 28,524	129,310	364,753	9,285,492	509,191
Additions:					
Property and other county tax	-	151,483	192,690	9,195,583	450,229
E911 surcharge	-	-	-	-	-
State tax credits	-	6,040	9,013	435,256	23,708
Office fees and collections	604,466	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	121,720	-	-	-	-
Miscellaneous	243	-	1,161	-	-
Total additions	726,429	157,523	202,864	9,630,839	473,937
Deductions:					
Agency remittances:					
To other funds	382,000	-	-	-	-
To other governments	222,435	134,454	247,228	9,627,890	527,716
Trusts paid out	121,374	-	-	-	-
Total deductions	725,809	134,454	247,228	9,627,890	527,716
Balances end of year	\$ 29,144	152,379	320,389	9,288,441	455,412

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
6,507,486	206,656	410,606	119,015	53,701	17,614,734
6,545,666	222,505	-	-	2,934	16,761,090
-	-	-	201,145	-	201,145
255,950	10,972	-	-	138	741,077
-	-	-	-	-	604,466
-	-	5,147,092	-	-	5,147,092
-	-	-	-	56,350	56,350
-	-	-	-	-	121,720
-	-	-	-	63,576	64,980
6,801,616	233,477	5,147,092	201,145	122,998	23,697,920
-	-	162,729	-	-	544,729
6,646,624	216,654	4,904,955	161,314	106,989	22,796,259
-	-	-	-	-	121,374
6,646,624	216,654	5,067,684	161,314	106,989	23,462,362
6,662,478	223,479	490,014	158,846	69,710	17,850,292

Carroll County

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

For the Last Six Years

	Modified Accrual		
	2007	2006	2005
Revenues:			
Property and other county tax	\$ 6,599,923	6,246,659	5,854,210
Interest and penalty on property tax	36,749	29,104	28,243
Intergovernmental	4,828,731	4,748,882	4,775,821
Licenses and permits	86,241	74,338	55,143
Charges for service	1,682,553	1,479,616	1,421,620
Use of money and property	400,106	299,785	220,883
Fines, forfeitures and defaults	-	-	3,711
Miscellaneous	682,760	905,034	759,629
Total	\$ 14,317,063	13,783,418	13,119,260
Expenditures:			
Operating:			
Public safety and legal services	\$ 2,374,712	2,325,097	2,090,553
Physical health and social services	935,308	939,587	932,524
Mental health	3,003,054	2,669,843	2,675,722
County environment and education	914,289	842,254	852,196
Roads and transportation	3,581,795	3,407,711	3,584,619
Governmental services to residents	430,408	549,691	349,093
Administration	1,194,823	1,188,092	1,116,364
Non-program	218,443	153,139	108,309
Debt service	193,531	271,719	276,627
Capital projects	824,558	770,111	1,265,004
Total	\$ 13,670,921	13,117,244	13,251,011

See accompanying independent auditor's report.

Basis		
2004	2003	2002
5,391,537	4,996,273	4,830,123
45,758	35,207	36,890
4,632,453	5,011,828	5,074,363
66,889	77,990	75,044
1,298,488	1,233,218	1,248,698
184,790	212,256	289,378
-	-	756
1,483,180	462,391	360,357
13,103,095	12,029,163	11,915,609

1,991,577	1,978,593	1,920,854
1,136,692	1,099,460	1,194,390
2,323,078	2,522,514	2,525,443
1,314,236	785,261	701,166
3,946,971	3,096,413	3,679,075
349,000	384,115	345,484
1,081,846	1,032,052	921,885
351,681	273,593	156,320
37,744	525,732	118,698
1,719,057	1,147,195	790,600
14,251,882	12,844,928	12,353,915

Carroll County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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 Carroll County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 23, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Carroll County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Carroll County's financial statements that is more than inconsequential will not be prevented or detected by Carroll County's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Carroll County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (D) and (G) are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 23, 2008

Carroll County

Schedule of Findings

Year ended June 30, 2007

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (A) Jail Commissary – Jail commissary profits were used to purchase non-commissary type items, such as equipment.

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

Response – I don’t want to burden the taxpayers with budgeting through the County so the prisoners can have commissary.

Conclusion – Response acknowledged. However, all non-commissary expenditures should be approved by the Board of Supervisors and reflected in the County’s accounting system, County budget and annual financial statements.

- (B) Board of Health – One individual has custody of receipts and performs all record keeping duties.

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

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

Accounts receivable listings should be prepared and retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly.

Response – The department head is training two others in the office and both are now performing record keeping duties.

Conclusion – Response accepted.

- (C) Carroll County Ambulance Department – The Carroll County Ambulance Department has not established an allowance for doubtful accounts.

The Ambulance Department bills services provided and collections for those services are made directly to the County Treasurer’s office. The County Treasurer’s office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt on its computer system. The Ambulance Department does not reconcile the collections recorded on its computer system with the actual collections recorded by the County Treasurer in total each month.

Carroll County

Schedule of Findings

Year ended June 30, 2007

Recommendation – The County should establish an allowance for doubtful accounts due to the significant amount of receivables not collected from Medicare/Medicaid.

The Ambulance Department should reconcile the collections recorded on its computer system with the actual collections recorded by the County Treasurer in total each month.

Response – We will implement the allowance for doubtful accounts in FY2008.

This valuable new process of reconciling collections recorded on its computer system with the actual collections recorded by the County Treasurer in total each month will start immediately.

Conclusion – Response accepted.

- (D) County Sheriff – One individual in the Sheriff's office collects cash, prepares the deposit and prepares the monthly bank reconciliations. Similarly, one individual in the Sheriff's office collects, records, deposits and reconciles the Commissary account.

The Sheriff's office did not make timely bank deposits.

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

The Sheriff's office should make timely bank deposits.

Response – Once a quarter a part time person checks the accounting practices to review, initial and date. We will review operating procedures to the extent possible will limited personal. Also, will be make bank deposits more timely.

Conclusion – Response accepted.

- (E) Credit Cards – The County has credit cards for use by various employees while on County business. The County has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges. Additionally, supporting documentation was not always available to support credit card charges.

Recommendation – The County should adopt a formal written policy regulating the use of County credit cards. The policy, at a minimum, should address who controls credit cards, who is authorized to use credit cards and for what purposes, as well as the types of supporting documentation required to substantiate charges.

Response – The County Attorney has written a policy. It is being reviewed by the department heads before being sent to the Board of Supervisors.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2007

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

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

Response – I don’t believe our current software can be modified to accommodate this recommendation. Hopefully this will be resolved when we next upgrade our software system.

Conclusion – Response accepted.

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

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

Response – In the future we will attempt to properly record all receivables and payables.

Conclusion – Response accepted.

- (H) County Recorder – One individual in the Recorder’s office collects cash, prepares the deposit and prepares the monthly bank reconciliations.

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

Response – Because the Recorder’s Office is a two person office we perform all accounting practices and procedures to the best of our ability.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

Carroll County

Schedule of Findings

Year ended June 30, 2007

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted. Although the Board of Supervisors acted to increase appropriations to several departments, the amendment changes were made after disbursements had exceeded the appropriations.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease 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 – We will try to make sure budget amendments are done before funds are expended. The timing of some disbursements makes this difficult, but we hope to improve in this area.

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.

Carroll County

Schedule of Findings

Year ended June 30, 2007

Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

- (10) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. For the Trust account, the Sheriff retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The Sheriff should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We will request the bank to provide the back side of the cancelled checks.

Conclusion – Response accepted.

- (11) Non-Current Debt – The County entered into a loan agreement for courthouse renovations. The agreement was not entered into in accordance with Chapters 331.478 and 331.479 of the Code of Iowa.

Chapter 331.478 of the Code of Iowa allows a County to authorize, by resolution, non-current debt payable from resources accruing after the end of the fiscal year in which the debt is incurred in accordance with Chapter 331.479 of the Code of Iowa. Chapter 331.479 of the Code of Iowa requires, before the Board may institute proceedings for the incurrence of non-current debt, a notice of proposed action, including a statement of the amount, purposes and form of the debt, the proposed time of its liquidation, and the time and place of the meeting at which the Board proposes to take action to authorize the debt, shall be published. At the meeting, the Board shall receive oral and written objections before action is taken to authorize the debt or abandon the proposal.

Recommendation – The County should ensure non-current debt is authorized as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Response – The County will hold a public hearing whenever money is borrowed in the future.

Conclusion – Response accepted.

Carroll County

Staff

This audit was performed by:

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Chad D. Lehman, Staff Auditor
Michael P. Piehl, Staff Auditor
Delynne M. Kroeger, Assistant Auditor
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