



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE

March 20, 2009

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$31,300,226 for the year ended June 30, 2008, which included \$1,330,512 in tax credits from the state. The County forwarded \$24,876,085 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,424,141 of the local tax revenue to finance County operations, an 8% increase over the prior year. Other revenues included charges for service of \$3,875,641, operating grants, contributions and restricted interest of \$4,855,763, capital grants, contributions and restricted interest of \$717,866, local option sales tax of \$827,151, unrestricted investment earnings of \$269,241 and other general revenues of \$1,292,236.

Expenses for County operations totaled \$18,159,752, a 13.3% increase over the prior year. Expenses included \$5,778,551 for roads and transportation, \$2,990,749 for mental health and \$2,727,983 for public safety and legal services.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**BOONE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2008**

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**Boone County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David W. Reed	Board of Supervisors	Jan 2009
Albert G. Sorenson	Board of Supervisors	Jan 2009
Mike O'Brien	Board of Supervisors	Jan 2011
Philippe Meier	County Auditor	Jan 2009
Darcy Bosch	County Treasurer	Jan 2011
Sheryl Thul	County Recorder	Jan 2011
Ronald Fehr	County Sheriff	Jan 2009
Jim Robbins	County Attorney	Jan 2011
Kathleen A. Anderson	County Assessor	Jan 2013

**Boone County**



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Independent Auditor's Report

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Boone County's management. Our responsibility is to express opinions on these financial statements based on our audit.

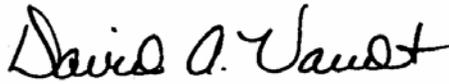
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2009 on our consideration of Boone County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 20 and 54 through 57 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 13, 2009

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

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Boone County provides this Management's Discussion and Analysis of the Boone County FY2008 financial statements. The purpose of this portion of the financial report is to discuss an overview of the activities of the year to augment the numbers presented in the balance of the report. It is hoped this section will assist readers in understanding the events that significantly affected the financial position of Boone County as a whole.

This is the sixth year Boone County has reported all activities on a full accrual basis, as required by the reporting standards of GASB 34. This year's financial information will be compared to FY2007 information.

### **FISCAL YEAR 2008 FINANCIAL HIGHLIGHTS**

- Boone County's governmental activities revenues increased \$774,521, or 5.0%, compared to FY2007. Taxes levied on property increased \$482,853, or 8.1%, from FY2007.
- Boone County's governmental activities expenses increased \$1,415,151, or 9.9%, compared to FY2007.
- Boone County's net assets increased approximately \$102,000 over FY2007.

### **USING THIS ANNUAL REPORT**

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

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

The financial statements also include notes to explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of Boone County's budget for FY2008. Other supplementary information provides detailed information about nonmajor governmental funds and agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

## **REPORTING THE COUNTY AS A WHOLE**

### *Government-wide Financial Statements*

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

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

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

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

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

### *Fund Financial Statements*

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

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

Boone County has three types of funds:

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

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

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

### BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of financial position. Boone County's net assets for FY2008 totaled \$36,643,021. Net assets on June 30, 2007 were \$36,540,734. Net assets increased 0.3% as a result of FY2008 Boone County operations.

	Net Assets of Boone County Activities					
	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 13,514,106	12,902,271	3,832,011	3,878,446	17,346,117	16,780,717
Capital assets	31,062,922	31,034,749	2,960,248	2,909,824	34,023,170	33,944,573
Total assets	44,577,028	43,937,020	6,792,259	6,788,270	51,369,287	50,725,290
Long-term liabilities	5,209,343	5,480,306	1,880,833	1,356,329	7,090,176	6,836,635
Other liabilities	7,540,434	7,111,825	95,656	236,097	7,636,090	7,347,922
Total liabilities	12,749,777	12,592,131	1,976,489	1,592,426	14,726,266	14,184,557
Net assets:						
Invested in capital assets, net of related debt	26,171,946	25,822,826	2,960,248	2,909,824	29,132,194	28,732,650
Restricted	2,975,049	3,245,786	126,065	107,403	3,101,114	3,353,189
Unrestricted	2,680,256	2,276,277	1,729,457	2,178,618	4,409,713	4,454,895
Total net assets	\$ 31,827,251	31,344,889	4,815,770	5,195,845	36,643,021	36,540,734

Net assets increased \$102,287 compared to FY2007. The largest portion of Boone County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment) less related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for spending. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements – total \$4,409,713. Unrestricted net assets decreased \$45,181, or 1%, as a result of FY2008 operations.

The following table entitled “Changes in Net Assets of Boone County Activities” compares in greater detail the changes in activity. Looking at the County as a whole, readers will note revenues increased approximately 0.68% and expenses increased approximately 13.3%. The decrease in capital grants is because the County received IDOT farm to market funding in FY2007 in excess of \$1.1 million compared to \$0.5 million in FY2008. Program expense increases include a 5.7% increase in public safety and legal services, an 11.7% increase in mental health, an 11.5% increase in roads and transportation and a 22.8% increase in administration due to the addition of a full time IT department with a major investment in computer hardware and a telephone system.

Changes in Net Assets of Boone County Activities						
	Governmental		Business Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for service	\$ 1,891,438	1,830,529	1,984,203	2,068,044	3,875,641	3,898,573
Operating grants, contributions and restricted interest	4,855,763	4,487,337	-	-	4,855,763	4,487,337
Capital grants, contributions and restricted interest	699,124	1,772,930	18,742	-	717,866	1,772,930
General revenues:						
Property tax - general purposes	5,686,570	5,355,550	-	-	5,686,570	5,355,550
Property tax - debt service	460,593	328,947	-	-	460,593	328,947
Penalty and interest on property tax	100,481	83,517	-	-	100,481	83,517
State tax credits	276,978	266,711	-	-	276,978	266,711
Local option sales tax	827,151	786,335	-	-	827,151	786,335
Grants and contributions not restricted to specific purposes	71,581	92,031	-	-	71,581	92,031
Unrestricted investment earnings	215,966	272,543	53,275	91,386	269,241	363,929
Gain on disposition of capital assets	1,052,158	110,481	5,425	523,201	1,057,583	633,682
Miscellaneous	62,591	68,962	-	-	62,591	68,962
Total revenues	16,200,394	15,455,873	2,061,645	2,682,631	18,262,039	18,138,504
Program expenses:						
Public safety and legal services	2,727,983	2,582,006	-	-	2,727,983	2,582,006
Physical health and social services	639,818	660,619	-	-	639,818	660,619
Mental health	2,990,749	2,676,594	-	-	2,990,749	2,676,594
County environment and education	922,584	954,254	-	-	922,584	954,254
Roads and transportation	5,778,551	5,183,801	-	-	5,778,551	5,183,801
Governmental services to residents	503,128	495,431	-	-	503,128	495,431
Administration	1,895,633	1,543,397	-	-	1,895,633	1,543,397
Interest on long-term debt	259,586	206,779	-	-	259,586	206,779
Solid waste	-	-	2,441,720	1,721,647	2,441,720	1,721,647
Total expenses	15,718,032	14,302,881	2,441,720	1,721,647	18,159,752	16,024,528
Increase in net assets	482,362	1,152,992	(380,075)	960,984	102,287	2,113,976
Net assets beginning of year	31,344,889	30,191,897	5,195,845	4,234,861	36,540,734	34,426,758
Net assets end of year	\$ 31,827,251	31,344,889	4,815,770	5,195,845	36,643,021	36,540,734

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

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	
<b>Total Governmental Fund Balances</b>	\$ 5,753,233
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$53,555,615 and the accumulated depreciation is \$22,492,693.	31,062,922
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	247,174
Long-term liabilities, including bonds and notes payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(5,236,078)</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 31,827,251</u></u>

Boone County's property tax base increased 1.2% in FY2008 due to new construction. The County-wide taxable value increased 1.2% and the County's rural taxable value increased approximately 1.3%. The budgetary requirements of the General Fund levy required a general basic levy above \$3.50 per \$1,000 of taxable valuation for the fourth time since the Mental Health Fund was created in the early 1990's. The total County-wide levy increase was approximately \$0.43 per \$1,000 of taxable valuation. The total increase in dollars levied County-wide was approximately \$466,000.

The rural County levy rate remained unchanged for FY2008 at \$2.48 per \$1,000 of taxable valuation, but \$16,999 more was levied than for FY2007.

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

Property Taxes Levied		
	FY2008	FY2007
County-wide taxable value	\$ 943,003,941	932,067,627
County-wide levy rate without debt	4.84567	4.55033
Dollars levied without debt	4,569,490	4,241,213
County-wide taxable debt service value	967,472,548	956,351,342
County debt service levy rate	0.49669	0.35861
Dollars levied for debt service	480,535	342,958
Total county-wide rate	5.34236	4.90894
Total dollars levied county-wide	5,050,025	4,584,171
Rural taxable value	550,704,290	543,855,849
Rural tax levy rate	2.48183	2.48183
Dollars levied rural area only	1,366,755	1,349,756
Total dollars levied	6,416,780	5,933,927

## Governmental Activities

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

- A decrease in property tax base is an indication the economy in general may be weak. The decrease in FY2005 value in Boone County was a direct result of the productivity formula used to value agricultural land. The January 1, 2003 agricultural land values certified, for property taxes collected in FY2005, were ordered by the State of Iowa to be reduced 35% in Boone County. While the taxable value of Boone County agricultural land went from approximately \$1,000 per acre to \$640 per acre, its fair market value increased from \$2,883 in November 2003 to \$3,284 in November 2004 according to the ISU land survey. This value decrease did not put the County in jeopardy as it was able to adjust property tax rates to raise the revenue needed to maintain services.
- Revenues for governmental activities were approximately \$16.2 million in FY2008, which is a 4.8% increase compared to FY2007. Expenses for governmental activities totaled approximately \$15.7 million, an increase of 9.9% compared to FY2007. In a difficult budgeting year, Boone County did a remarkable job trimming expenses to match available revenues, noting the increase in net assets was approximately \$0.5 million for governmental activities in FY2008.
- The local option tax sales tax revenue of \$827,151 contributed greatly to the increase in net assets of the governmental activities. Boone County uses 75% of the sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax increased 5.2% compared to FY2007. The County believes the local option sales tax revenue indicates the relative economic strength of the local business economy.

## Net Cost of Governmental Activities

Function	Expenses	Program Revenues		FY2008 Net Expense or (Revenue)	FY2007 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions		
Public safety and legal services	\$ 2,727,983	624,980	14,064	2,088,939	1,914,230
Physical health and social services	639,818	20,407	238,060	381,351	401,532
Mental health	2,990,749	25,467	1,757,523	1,207,759	1,037,141
County environment and education	922,584	422,117	9,627	490,840	567,112
Roads and transportation	5,778,551	325,502	3,530,972	1,922,077	547,114
Governmental services to residents	503,128	458,490	-	44,638	41,385
Administration	1,895,633	14,475	4,641	1,876,517	1,496,792
Interest on long-term debt	259,586	-	-	259,586	206,779
<b>Total</b>	<b>\$ 15,718,032</b>	<b>1,891,438</b>	<b>5,554,887</b>	<b>8,271,707</b>	<b>6,212,085</b>

- The cost of all governmental activities this year was approximately \$15.7 million, up approximately \$1.4 million, or 9.9%, from FY2007.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$1.9 million, increasing \$60,909, or 3.3%, compared to FY2007.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$5.6 million, down 11.3% compared to FY2007.
- The net cost of governmental activities was financed with the following general revenues, including property tax related revenue of \$6,524,622, local option sales tax of \$827,151, unrestricted grants and contributions of \$71,581, unrestricted investment earnings of \$215,966, gain on disposition of capital assets of \$1,052,158 and other miscellaneous income of \$62,591. Total general revenues for FY2008 were \$8,754,069, up \$1,388,992, or 18.9%, compared to FY2007.

### Business Type Activities

Function	Expenses	Program Revenues		FY2008 Net Expense or (Revenue)	FY2007 Net Expense or (Revenue)
		Charges for Service	Capital Grants, Contributions and Restricted Interest		
Solid waste	\$ 2,441,720	1,984,203	18,742	438,775	(346,397)

Program revenues of the Boone County Landfill decreased 3.1% to \$2,002,945 because of decreased tonnage received while expenses increased 41.8% to approximately \$2.4 million. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- In FY2008, the Boone County Landfill continued to focus on improving its programs and services. No new landfill cells needed to be constructed. Landfill staff finished closing old Area C by placing an engineered cap over the cell. As in 2007, the Landfill experienced significant access road and sedimentation basin damage from summer flooding. In both years, this damage qualified for FEMA public assistance.
- In January of 2008, the Landfill took responsibility for regional recycling center related activities when the prior operator went out of business. The Landfill contracts with Genesis Development to operate the center. The facility is leased by the Landfill from Coe Transfer.
- The Landfill made significant progress in excavating future cells 7-R through 9-R using Landfill personnel and equipment.
- Through its "Keep Boone County Beautiful" program, the Landfill began the process of planning for the first annual Dragoon River Romp. This annual watershed awareness raising event centers on a cleanup event focused on rotating sections of the Des Moines River as it flows through Boone County. Three annual events have been held since 2006. Each event involves 150+ volunteers. The Dragoon River Romp has been very successful and was recognized with an "Outstanding Litter Awareness/Beautification Award" in 2007 from the Iowa Society of Solid Waste Operations.

- The Landfill and “Keep Boone County Beautiful” hired an environmental education coordinator to handle educational activities for citizens of all ages. The coordinator provides educational opportunities throughout the Landfill’s service area.

**MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS**

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

The financial performance of Boone County as a whole is reflected in its governmental funds as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$5,753,233, 3.4% more than last year’s total of \$5,564,881.

General Fund		
	FY2008	FY2007
Beginning fund balance	\$ 1,742,964	1,664,888
Property tax, including penalty and interest	3,627,156	3,293,112
Local option sales tax	207,038	197,708
Intergovernmental	913,303	918,063
Permits and charges for service	919,275	917,446
Interest and use of property	240,521	284,843
Miscellaneous	28,088	31,196
Sale of capital assets	882,490	-
Total revenues	<u>6,817,871</u>	<u>5,642,368</u>
Public safety and legal services	2,643,069	2,479,734
Physical health and social services	639,097	660,704
County environment and education	566,262	540,209
Governmental services to residents	496,087	494,616
Administration	1,591,002	1,338,419
Transfers to other funds	219,936	50,610
Total expenditures and transfers	<u>6,155,453</u>	<u>5,564,292</u>
Ending fund balance	<u>\$ 2,405,382</u>	<u>1,742,964</u>

The amounts presented combine general basic and general supplemental funds, including county farm land sale proceeds.

Total property tax revenue increased 10.1%. Local option sales tax revenue increased 4.7%, intergovernmental revenue decreased 0.5%, revenue from user fees increased 0.2% and interest and use of property decreased 15.6% due to lower interest rates received by the County on investments. The county farm land was sold for \$882,490. Total revenues increased 20.83%.

Total expenditures and transfers increased 10.6%, or \$591,161, compared to FY2007. Public safety and legal services increased \$163,335, or 6.6%, administration increased \$252,583, or 18.9%, due to the addition of a full-time IT director and major investments in the computer system and a new telephone system with necessary updates to communication infrastructure and transfers to other funds increased \$169,326 as reserved funding for replacement of the county mainframe was transferred to the Capital Projects Fund.

## Special Revenue Funds

Mental Health Fund		
	FY2008	FY2007
Beginning fund balance	\$ (102,748)	(13,332)
Property tax	841,415	840,583
Intergovernmental - property tax relief	733,009	733,009
Other intergovernmental	1,142,884	990,157
Miscellaneous	9,090	18,043
Total revenues	2,726,398	2,581,792
Mental illness	102,268	101,990
Chronic mental illness	1,030,539	1,033,204
Mental retardation	1,820,095	1,500,017
Developmental disability	33,798	35,997
Total expenditures	2,986,700	2,671,208
Ending fund balance	\$ (363,050)	(102,748)

Boone County levied \$878,976, which is the maximum levy established by the Mental Health Fund base year calculation and is the established County maximum levy. The FY2007 ending fund balance was -3.8% of FY2007 expenditures, which qualified the County for an additional \$152,727 of revenue supplied by the State of Iowa compared to FY2007. Boone County experienced an 11.8% increase in expenditures for service compared to FY2007. The increase in expenditures and negative fund balance were substantially created by confusion in past years of the legal settlement of one consumer which was finally determined to be Boone County and several years of past billing became Boone County's responsibility. The FY2008 ending fund balance is negative. Boone County applied to the mental health risk pool to obtain approximately \$132,000 in FY2009. Boone County is still working through the Iowa Association of Counties to seek additional funding for the mental health system. We will have to create waiting lists for services to reduce expenditures if state funding is not obtained. Boone County is basically trying to manage a system based on county funding from FY1993 and state funding that has not kept up with need.

Rural Services Fund		
	FY2008	FY2007
Beginning fund balance	\$ 751,115	667,015
Property tax	1,309,425	1,293,732
Local option sales tax	621,113	593,123
Intergovernmental	57,569	59,229
Permits, charges for service and miscellaneous	25,166	25,581
Total revenues	2,013,273	1,971,665
County environment and education	280,752	328,157
Governmental services to residents	1,233	1,331
Transfers to other funds	1,633,494	1,558,077
Total expenditures and transfers	1,915,479	1,887,565
Ending fund balance	\$ 848,909	751,115

Property tax levied for FY2008 was up \$16,999, or 1.3%, compared to FY2007.

- The local effort for secondary roads was maintained at 90% of the maximum allowed to be levied for secondary roads.

- Boone County expected local option sales tax revenue to decrease to \$450,000 because of the economic slowdown. Actual receipts for local option sales tax in the Rural Services Fund were \$621,113, an increase of 4.7% compared to FY2007.
- Total property tax related revenue (\$1,309,425) is less than the amount transferred to the Secondary Roads Fund (\$1,633,494) by \$324,069, which means local option sales tax pays for all of the services in the Rural Services Fund and part of the road expenses.
- The Board of Supervisors is intentionally allowing the Rural Services Fund balance to increase so the County will still be able to meet the local match requirements for the Secondary Roads Fund if local option sales tax revenue declines significantly. The current fund balance is 44.3% of expenditures and transfers. The fund balance percentage for FY2007 was 39.8%.

Secondary Roads Fund		
	FY2008	FY2007
Beginning fund balance	\$ 2,316,885	2,927,589
State fuel tax and other state revenue	3,318,860	3,454,724
Charges for service and miscellaneous	121,248	118,855
Sale of capital assets	6,250	-
Transfers from other funds	1,633,494	1,558,077
Total revenue and transfers	<u>5,079,852</u>	<u>5,131,656</u>
Secondary road maintenance	4,831,699	4,322,499
Secondary road construction	498,091	1,419,861
Total expenditures	<u>5,329,790</u>	<u>5,742,360</u>
Ending fund balance	<u>\$ 2,066,947</u>	<u>2,316,885</u>

- Secondary Roads Fund revenue and transfers decreased 1% compared to FY2007.
- Secondary Roads Fund expenditures decreased \$412,570, or 7.2%, compared to FY2007. Maintenance expenditures increased 11.8% and construction decreased 64.9%. The maintenance increase was due mainly to additional snow and ice, road gravel, increased hard-surface system repairs and marking expenditures. FY2008 construction was limited to a bridge near Beaver and some local grading jobs compared to FY2007 when a new road near the Farm Progress Show was graded and FM project on E-26 was completed.
- Total ending fund balance compared to total expenditures decreased to 38.8% in FY2008 compared to 40.3% in FY2007.

## Debt Service Fund

	FY2008	FY2007
Beginning fund balance	\$ 36,787	34,798
Property tax	460,309	328,249
Intergovernmental	20,886	15,525
Interest	-	1,173
Transfers from other funds	35,000	75,000
Total revenues and transfers	516,195	419,947
Principal	360,000	285,000
Interest	155,934	132,958
Total expenditures	515,934	417,958
Ending fund balance	\$ 37,048	36,787

The Debt Service Fund accumulates resources and pays the principal and interest on the County's bonds for the jail project. The original jail bond was refinanced August 1, 2003 using \$433,300 of remaining jail project funds. The principal balance of the refunding jail bond is \$3,055,976. The County borrowed \$400,000 with a general obligation capital note to construct a twelve office addition to the Department of Human Services building. The County also borrowed \$1.5 million with a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years.

## Capital Projects Fund

	FY2008	FY2007
Beginning fund balance	\$ 365,667	176,457
Interest and use of property	-	8,016
General obligation note proceeds	-	1,900,000
Miscellaneous	334	-
Transfers from other funds net	184,306	-
Total revenues	184,640	1,908,016
Debt service	94,725	1,693,806
Capital projects	155,768	-
Transfers to other funds, net	-	25,000
Total expenditures	250,493	1,718,806
Ending fund balance	\$ 299,814	365,667

During the year ended June 30, 2007, the County issued \$1,900,000 of general obligation capital loan notes to help finance construction of an addition to the Department of Human Services building and purchase land for the site of the Farm Program Show. The proceeds of the notes were placed in the Capital Projects Fund to account for these major projects. The County did not issue additional debt in FY2008. The ending fund balance was \$299,814.

## BUSINESS TYPE FUND HIGHLIGHTS

- FY2008 was the Boone County Landfill's 38<sup>th</sup> year of operations. As demonstrated by IDNR inspection and engineering reports, the Landfill is operated well beyond the minimum standards required for regulatory compliance.

- FY2008 demonstrated staff and the Landfill's engineering team continue to identify methods and strategies to increase productivity and efficiency. This has resulted in maintaining tipping and processing fees at a static level. FY2008 tipping fees were maintained at the same level as the prior year.
- FY2008 was a year in which the Landfill undertook work to maintain the integrity of the oldest portions of the landfill dating back to 1970 and also began implementing changes associated with new landfill rules adopted by the IDNR. Both activities brought additional costs to the Landfill's operations.
- FY2008 included continued improvement of our already extensive erosion control program, increasing the effectiveness of our solid waste and recycling education programs and providing excellent household hazardous waste services. The Landfill's sponsorship of "Keep Boone County Beautiful" has also provided numerous opportunities to raise awareness about environmental issues.
- FY2008 saw the closing of the not-for-profit owned and operated recycling center on December 31, 2007. The Boone County Board of Supervisors directed the Landfill to take over responsibility for the activities associated with a regional recycling center. The Boone County Recycling Center began operations on January 1, 2008 with Genesis Development as the contracted operator on behalf of the Landfill.

### **Landfill Operations Fund**

Landfill fees charged to customers did not increase for FY2008. Landfill Operations Fund revenue was \$1,906,053, a decrease of 4.2% compared to FY 2007.

Operating expenses increased 45.5% compared to FY2007. Salary and benefit expenses increased 14.3% to \$489,062, fuel expenditures increased 62.8% to \$188,467, education and training expenditures increased 97.6% to \$71,381, leachate hauling increased 186% to \$114,156 and adjustment for closure/post-closure expense increased from \$17,972 in FY2007 to \$426,831 for FY2008 because of new IDNR rules.

### **Landfill Closure/Postclosure Fund**

The Closure/Postclosure Fund has assets totaling \$2,392,543. This fund is in the midst of its "pay-in" period. No closure/postclosure costs were expended from this fund during FY2007 or FY2008.

The original areas of the landfill (A, B and C) are fully funded for closure/postclosure care.

Under the new IDNR landfill regulations, the costs of closure/postclosure care will increase substantially for all Iowa landfills.

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

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the actual tonnage received by the Landfill. The County's share of ground water surcharge increased 2.2% to \$78,150 compared to FY2007.

Expenses decreased 41.6% compared to FY2007 and include funding for:

- Recyclables processing carried out by Genesis Development. This includes two separate processing operations. One is for Greene County through the Greene County Recycling Agency and the other is the Boone County Recycling Center.
- Educational materials.
- The annual updating of our financial assurance funding study.

## **Keep Boone County Beautiful Account**

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

- The Dragoon River Romp
- Adopt a County Road or City Street
- Adopt Your Favorite Place
- Environmental Education

## **BUDGETARY HIGHLIGHTS**

On June 8, 2008 the County Board of Supervisors amended the original FY 2008 budget for the following:

- Increased intergovernmental receipts of \$100,000 for additional mental health funding received
- Increased mental health function disbursements of \$260,000 to \$2,800,550 to allow for additional mental health expenditures
- Increased county environment and education function disbursements of \$50,000 to \$1,208,238

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net expenditures of \$14,760,941 were \$3,718,996 less than the amended budget. The roads and transportation function and the capital projects function were \$535,323 and \$1,747,450, respectively, less than budgeted while the other functions, except for the administration function, were also less than budgeted. The major reasons the roads and transportation and capital projects functions were less than budgeted were anticipated equipment operations were less than budgeted and preparation of the Central Iowa Expo site for the bi-annual Farm Progress Show did not progress as much as anticipated. The remaining decrease was accomplished by reduced spending in all areas. Receipts were \$46,639 more than the amended budget.

## **CAPITAL ASSETS**

Boone County concluded FY 2008 with \$34,023,170 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## **LONG TERM DEBT**

Boone County issued general obligation bonds of \$4,835,000 for the purpose of refinancing the original jail project bonds in FY2004. The County's bond rating for the refinancing issue is Aa3. The bond rating firm requires a higher ending fund balance than the County has determined necessary to receive a higher bond rating. The June 30, 2008 balance due on the refunding jail bond issue is \$3,055,976.

The County borrowed \$400,000 through a general obligation capital note to construct a twelve office addition to the Department of Human Services building and \$1.5 million through a general obligation capital loan anticipation project note in FY2007 to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the

Farm Progress Show for the next 20 years. The June 30, 2008 balance due on the capital notes is \$1,835,000. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

**FACTORS BEARING ON THE FUTURE**

Boone County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 15,050 for calendar year 2008. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2008 was 3.4% versus 3.5% a year before. This compares with the State's unemployment rate of 4.0% for the same period ended June 30, 2008.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with an additional 4.8% of property tax dollars compared to FY2008. The actual dollar increase from FY2008 to FY2009 is \$308,015.

The above factors were all part of the considerations for the FY 2009 budget which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 3,818,735	3.47%
Mental Health Fund	878,976	0.00%
Debt Service Fund	518,083	7.81%
Rural Services Fund	1,509,001	10.41%
Total	\$ 6,724,795	4.80%

Boone County added a GIS Director and one full-time courthouse maintenance position in the FY2009 budget. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for FY 2009 are as follows:

General basic levy	\$ 3.50000
General supplemental levy	0.28288
Mental health levy	0.87072
Debt service levy	0.49908
Rural services basic levy	2.48183

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demands for county services. The County-wide taxable valuation for the FY2009 budget exceeds \$1 billion of value for the first time in County history.

**Contacting the County's Financial Management**

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

## **Basic Financial Statements**

**Boone County**

Boone County  
Statement of Net Assets  
June 30, 2008

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 5,966,864	1,159,259	7,126,123
Cash and pooled investments - restricted	-	2,480,742	2,480,742
Receivables:			
Property tax:			
Delinquent	20,593	-	20,593
Succeeding year	6,078,000	-	6,078,000
Interest and penalty on property tax	31,667	-	31,667
Accounts	22,167	166,057	188,224
Accrued interest	5,195	20,841	26,036
Road assessments	145,904	-	145,904
Loan	100,000	-	100,000
Due from other funds	1,587	(1,587)	-
Due from other governments	553,162	-	553,162
Inventories	528,380	-	528,380
Prepaid insurance	60,587	6,699	67,286
Capital assets (net of accumulated depreciation)	31,062,922	2,960,248	34,023,170
<b>Total assets</b>	<b>44,577,028</b>	<b>6,792,259</b>	<b>51,369,287</b>
<b>Liabilities</b>			
Accounts payable	222,196	81,865	304,061
Accrued interest payable	26,735	-	26,735
Salaries and benefits payable	125,225	11,334	136,559
Advances from other funds	28,255	(28,255)	-
Due to other governments	1,060,023	30,712	1,090,735
Deferred revenue:			
Succeeding year property tax	6,078,000	-	6,078,000
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds and notes	1,890,000	-	1,890,000
Compensated absences	318,367	23,219	341,586
Portion due or payable after one year:			
General obligation bonds and notes	3,000,976	-	3,000,976
Estimated liability for landfill closure and postclosure care	-	1,857,614	1,857,614
<b>Total liabilities</b>	<b>12,749,777</b>	<b>1,976,489</b>	<b>14,726,266</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	26,171,946	2,960,248	29,132,194
Restricted for:			
Supplemental levy purposes	101,106	-	101,106
Secondary roads purposes	2,045,348	-	2,045,348
Law enforcement	58,573	-	58,573
Other purposes	770,022	126,065	896,087
Unrestricted	2,680,256	1,729,457	4,409,713
<b>Total net assets</b>	<b>\$ 31,827,251</b>	<b>4,815,770</b>	<b>36,643,021</b>

See notes to financial statements.

Boone County  
Statement of Activities  
Year ended June 30, 2008

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 2,727,983	624,980	14,064	-
Physical health and social services	639,818	20,407	238,060	-
Mental health	2,990,749	25,467	1,757,523	-
County environment and education	922,584	422,117	9,627	-
Roads and transportation	5,778,551	325,502	2,831,848	699,124
Governmental services to residents	503,128	458,490	-	-
Administration	1,895,633	14,475	4,641	-
Interest on long-term debt	259,586	-	-	-
Total governmental activities	15,718,032	1,891,438	4,855,763	699,124
Business type activities:				
Solid waste	2,441,720	1,984,203	-	18,742
Total	\$ 18,159,752	3,875,641	4,855,763	717,866

**General Revenues:**

Property and other county tax levied for:

General purposes

Debt service

Penalty and interest on property tax

State tax credits

Local option sales tax

Grants and contributions not restricted to specific purpose

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(2,088,939)	-	(2,088,939)
(381,351)	-	(381,351)
(1,207,759)	-	(1,207,759)
(490,840)	-	(490,840)
(1,922,077)	-	(1,922,077)
(44,638)	-	(44,638)
(1,876,517)	-	(1,876,517)
(259,586)	-	(259,586)
(8,271,707)	-	(8,271,707)
-	(438,775)	(438,775)
(8,271,707)	(438,775)	(8,710,482)
5,686,570	-	5,686,570
460,593	-	460,593
100,481	-	100,481
276,978	-	276,978
827,151	-	827,151
71,581	-	71,581
215,966	53,275	269,241
1,052,158	5,425	1,057,583
62,591	-	62,591
8,754,069	58,700	8,812,769
482,362	(380,075)	102,287
31,344,889	5,195,845	36,540,734
\$ 31,827,251	4,815,770	36,643,021

Boone County  
Balance Sheet  
Governmental Funds

June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 2,308,752	724,673	749,069	1,357,748
Receivables:				
Property tax:				
Delinquent	12,786	2,925	3,120	-
Succeeding year	3,475,000	795,000	1,336,000	-
Interest and penalty on property tax	31,667	-	-	-
Accounts	12,574	272	3,142	5,997
Accrued interest	5,195	-	-	-
Road assessments	-	-	-	145,904
Loan	100,000	-	-	-
Due from other funds	19,774	-	-	7,742
Due from other governments	118,791	50	139,215	295,006
Inventories	-	-	-	528,380
Prepaid insurance	29,831	-	-	30,756
	-	-	-	-
<b>Total assets</b>	<b>\$ 6,114,370</b>	<b>1,522,920</b>	<b>2,230,546</b>	<b>2,371,533</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 58,627	67,630	3,623	90,639
Salaries and benefits payable	60,436	4,004	438	60,347
Due to other funds	25,158	-	1,093	260
Advances from other funds	-	-	-	-
Due to other governments	33,531	1,016,497	-	7,436
Deferred revenue:				
Succeeding year property tax	3,475,000	795,000	1,336,000	-
Other	56,236	2,839	40,483	145,904
Total liabilities	<b>3,708,988</b>	<b>1,885,970</b>	<b>1,381,637</b>	<b>304,586</b>
Fund balances:				
Reserved for:				
Supplemental levy purposes	100,178	-	-	-
Debt service	-	-	-	-
Law enforcement purposes	58,573	-	-	-
Unreserved, reported in:				
General fund	2,246,631	-	-	-
Special revenue funds	-	(363,050)	848,909	2,066,947
Capital projects fund	-	-	-	-
Total fund balances	<b>2,405,382</b>	<b>(363,050)</b>	<b>848,909</b>	<b>2,066,947</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,114,370</b>	<b>1,522,920</b>	<b>2,230,546</b>	<b>2,371,533</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
36,998	299,814	489,810	5,966,864
1,762	-	-	20,593
472,000	-	-	6,078,000
-	-	-	31,667
-	-	182	22,167
-	-	-	5,195
-	-	-	145,904
-	-	-	100,000
-	-	582	28,098
-	-	100	553,162
-	-	-	528,380
-	-	-	60,587
510,760	299,814	490,674	13,540,617
-	-	1,677	222,196
-	-	-	125,225
-	-	-	26,511
-	-	28,255	28,255
-	-	2,559	1,060,023
472,000	-	-	6,078,000
1,712	-	-	247,174
473,712	-	32,491	7,787,384
-	-	-	100,178
37,048	-	-	37,048
-	-	-	58,573
-	-	-	2,246,631
-	-	458,183	3,010,989
-	299,814	-	299,814
37,048	299,814	458,183	5,753,233
510,760	299,814	490,674	13,540,617

**Boone County**

Boone County

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

June 30, 2008

**Total governmental fund balances (page 27)** \$ 5,753,233

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$53,555,615 and the accumulated depreciation is \$22,492,693. 31,062,922

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 247,174

Long-term liabilities, including bonds and notes payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (5,236,078)

**Net assets of governmental activities (page 23)** \$ 31,827,251

See notes to financial statements.

Boone County

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

Year ended June 30, 2008

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 3,741,146	841,415	1,930,538	-
Interest and penalty on property tax	93,048	-	-	-
Intergovernmental	913,303	1,875,893	57,569	3,318,860
Licenses and permits	14,476	-	-	4,155
Charges for service	904,799	-	20,385	961
Use of money and property	240,521	-	-	-
Miscellaneous	28,088	9,090	4,781	116,132
Total revenues	5,935,381	2,726,398	2,013,273	3,440,108
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	2,643,069	-	-	-
Physical health and social services	639,097	-	-	-
Mental health	-	2,986,700	-	-
County environment and education	566,262	-	280,752	-
Roads and transportation	-	-	-	4,831,699
Governmental services to residents	496,087	-	1,233	-
Administration	1,591,002	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	498,091
Total expenditures	5,935,517	2,986,700	281,985	5,329,790
Excess (deficiency) of revenues over (under) expenditures	(136)	(260,302)	1,731,288	(1,889,682)
<b>Other financing sources (uses):</b>				
Sale of capital assets	882,490	-	-	6,250
Operating transfers in	694	-	-	1,633,494
Operating transfers out	(220,630)	-	(1,633,494)	-
Total other financing sources (uses)	662,554	-	(1,633,494)	1,639,744
Net change in fund balances	662,418	(260,302)	97,794	(249,938)
Fund balances beginning of year	1,742,964	(102,748)	751,115	2,316,885
Fund balances end of year	\$ 2,405,382	(363,050)	848,909	2,066,947

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
460,309	-	-	6,973,408
-	-	-	93,048
20,886	-	10,062	6,196,573
-	-	-	18,631
-	-	6,668	932,813
-	-	35,720	276,241
-	334	73,553	231,978
481,195	334	126,003	14,722,692
-	-	42,743	2,685,812
-	-	-	639,097
-	-	-	2,986,700
-	-	79,918	926,932
-	-	-	4,831,699
-	-	-	497,320
-	-	-	1,591,002
515,934	94,725	-	610,659
-	155,768	-	653,859
515,934	250,493	122,661	15,423,080
(34,739)	(250,159)	3,342	(700,388)
-	-	-	888,740
35,000	220,000	630	1,889,818
-	(35,694)	-	(1,889,818)
35,000	184,306	630	888,740
261	(65,853)	3,972	188,352
36,787	365,667	454,211	5,564,881
37,048	299,814	458,183	5,753,233

## Boone County

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

Year ended June 30, 2008

**Net change in fund balances - Total governmental funds (page 31)** \$ 188,352

***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. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 860,863	
Capital assets contributed by the Iowa Department of Transportation	460,795	
Depreciation expense	<u>(1,456,903)</u>	(135,245)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 163,418

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	3,143	
Other	<u>(38,395)</u>	(35,252)

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. 320,947

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(49,984)	
Interest on long-term debt	<u>30,126</u>	<u>(19,858)</u>

**Change in net assets of governmental activities (page 25)** \$ 482,362

See notes to financial statements.

Boone County  
Statement of Net Assets  
Proprietary Funds

June 30, 2008

	Enterprise			Total
	Landfill Operations	Landfill Closure/ Postclosure	Nonmajor Ground Water Tax	
<b>Assets</b>				
Cash and pooled investments	\$ 1,159,259	-	-	1,159,259
Cash and pooled investments - restricted	-	2,371,702	109,040	2,480,742
Receivables:				
Accounts	166,057	-	-	166,057
Accrued interest	-	20,841	-	20,841
Advances to other funds	28,255	-	-	28,255
Due from other funds	554,707	-	21,713	576,420
Prepaid insurance	6,699	-	-	6,699
Capital assets, net of accumulated depreciation	2,960,248	-	-	2,960,248
<b>Total assets</b>	<b>4,875,225</b>	<b>2,392,543</b>	<b>130,753</b>	<b>7,398,521</b>
<b>Liabilities</b>				
Accounts payable	77,177	-	4,688	81,865
Salaries and benefits payable	11,334	-	-	11,334
Due to other funds	43,078	534,929	-	578,007
Due to other governments	30,712	-	-	30,712
Compensated absences	23,219	-	-	23,219
Estimated liability for landfill closure and postclosure care	-	1,857,614	-	1,857,614
<b>Total liabilities</b>	<b>185,520</b>	<b>2,392,543</b>	<b>4,688</b>	<b>2,582,751</b>
<b>Net Assets</b>				
Invested in capital assets	2,960,248	-	-	2,960,248
Restricted for ground water tax purposes	-	-	126,065	126,065
Unrestricted	1,729,457	-	-	1,729,457
<b>Total net assets</b>	<b>\$ 4,689,705</b>	<b>-</b>	<b>126,065</b>	<b>4,815,770</b>

See notes to financial statements.

**Exhibit H**

## Boone County

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

Year ended June 30, 2008

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water	
		Tax	
Operating revenues:			
Charges for service	\$ 1,622,615	78,150	1,700,765
Per capita fees	184,240	-	184,240
Solid waste fees	88,133	-	88,133
Miscellaneous	11,065	-	11,065
Total operating revenues	1,906,053	78,150	1,984,203
Operating expenses:			
Salaries and wages	378,962	-	378,962
Payroll tax	48,637	-	48,637
Fringe benefits	61,463	-	61,463
Fuel	188,467	-	188,467
Travel	6,847	-	6,847
Utilities	14,124	-	14,124
Insurance	27,085	-	27,085
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	184,476	-	184,476
Education and training	71,381	-	71,381
Equipment	109,751	-	109,751
Engineering	66,120	-	66,120
Maintenance and repair	18,420	-	18,420
Operations	114,176	-	114,176
Depreciation	396,815	-	396,815
Dues and membership	2,792	-	2,792
Hauling	56,368	-	56,368
Accounting	18,960	-	18,960
Recycling	2,400	42,425	44,825
Gravel	91,064	-	91,064
Leachate hauling and treatment	114,156	-	114,156
Adjustment to estimated liability for landfill closure and postclosure care	426,831	-	426,831
Total operating expenses	2,399,295	42,425	2,441,720
Operating income (loss)	(493,242)	35,725	(457,517)
Non-operating revenues:			
Gain on disposition of capital assets	5,425	-	5,425
FEMA grant	18,742	-	18,742
Interest income	53,275	-	53,275
Total non-operating revenues	77,442	-	77,442
Income (loss) before transfers	(415,800)	35,725	(380,075)
Transfers in (out)	17,063	(17,063)	-
Change in net assets	(398,737)	18,662	(380,075)
Net assets beginning of year	5,088,442	107,403	5,195,845
Net assets end of year	\$ 4,689,705	126,065	4,815,770

See notes to financial statements.

Boone County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2008

	Enterprise			Total
	Landfill Operations	Closure/ Postclosure	Nonmajor Ground Water Tax	
<b>Cash flows from operating activities:</b>				
Cash received from gate fees	\$ 1,641,632	-	-	1,641,632
Cash received from per capita fee assessments	184,240	-	-	184,240
Cash received from other operating receipts	99,198	-	77,856	177,054
Cash paid to suppliers for goods and services	(1,060,895)	-	(39,624)	(1,100,519)
Cash paid to employees for services	(483,873)	-	-	(483,873)
Net cash provided by operating activities	380,302	-	38,232	418,534
<b>Cash flows from noncapital financing activities:</b>				
FEMA grant	18,742	-	-	18,742
Transfer between funds	17,063	-	(17,063)	-
Net cash provided (used) by noncapital financing activities	35,805	-	(17,063)	18,742
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(627,673)	-	-	(627,673)
Proceeds from sale of capital assets	5,425	-	-	5,425
Closure and postclosure care allocation	(275,166)	275,166	-	-
Net cash provided (used) by capital and related financing activities	(897,414)	275,166	-	(622,248)
<b>Cash flows from investing activities:</b>				
Interest received on investments	53,275	93,449	-	146,724
Net increase (decrease) in cash and cash equivalents	(428,032)	368,615	21,169	(38,248)
Cash and cash equivalents beginning of year	1,587,291	2,003,087	87,871	3,678,249
Cash and cash equivalents end of year	\$ 1,159,259	2,371,702	109,040	3,640,001
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (493,242)	-	35,725	(457,517)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	396,815	-	-	396,815
Closure and postclosure care	275,166	-	-	275,166
Changes in assets and liabilities:				
Decrease in accounts receivable	19,017	-	-	19,017
Decrease (increase) in due from other funds	154,021	-	(293)	153,728
(Increase) in prepaid insurance	(1,611)	-	-	(1,611)
Increase in accounts payable	34,708	-	2,800	37,508
Increase in salaries payable	1,073	-	-	1,073
(Decrease) in due to other funds	(11,174)	-	-	(11,174)
Increase in due to other governments	1,413	-	-	1,413
Increase in compensated absences	4,116	-	-	4,116
Total adjustments	873,544	-	2,507	876,051
Net cash provided by operating activities	\$ 380,302	-	38,232	418,534

See notes to financial statements.

Boone County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2008

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 2,283,453
Other County officials	36,518
Receivables:	
Property tax:	
Delinquent	102,684
Succeeding year	23,772,000
Accounts	9,367
Special assessments	255,801
Due from other funds	520
Due from other governments	181,343
Prepaid insurance	1,560
<b>Total assets</b>	<u>26,643,246</u>

**Liabilities**

Accounts payable	62,107
Salaries and benefits payable	18,173
Due to other funds	520
Due to other governments	25,833,177
Trusts payable	668,430
Compensated absences	60,839
<b>Total liabilities</b>	<u>26,643,246</u>

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

Boone County

Notes to Financial Statements

June 30, 2008

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

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

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

A. Reporting Entity

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

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

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

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

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

B. Basis of Presentation

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

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in 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 and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

The County reports the following major proprietary funds:

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

The Landfill Closure/Postclosure Fund is used to accumulate resources to fund the closure and postclosure care costs of the landfill.

The County also reports fiduciary funds which focus on net assets and changes in net assets. The County's fiduciary funds include the following:

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

### C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

#### D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2008, 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, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County) are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current 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 and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. 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.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the administration function.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2008, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$175,668 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, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Secondary Roads	\$ 260
	Enterprise:	
	Landfill Operations	19,514
		<u>19,774</u>
Special Revenue:	General	4,798
Secondary Roads	Special Revenue:	
	Rural Services	1,093
	Enterprise:	
	Landfill Operations	1,851
		<u>7,742</u>
County Recorder's Records Management	General	572
County Recorder's Electronic Transaction Fees	General	10
Enterprise:		
Landfill Operations	General	19,778
	Enterprise:	
	Landfill Closure/Postclosure	534,929
		<u>554,707</u>
Ground Water Tax	Landfill Operations	21,713
Total		<u>\$ 604,518</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Capital Projects	\$ 694
Special Revenue:		
Secondary Roads	Special Revenue:	
	Rural Services	1,633,494
Conservation Land Acquisition	General	630
Capital Projects	General	220,000
Debt Service	Capital Projects	35,000
Enterprise:		
Landfill Operations	Ground Water Tax	17,063
Total		<u>\$ 1,906,881</u>

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

Advance to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Enterprise: Landfill Operations	Special Revenue: Drainage Districts	<u>\$ 28,255</u>

The advance to/from other funds resulted from improvements made in a drainage district. The advance will be repaid over several years.

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,498,085	-	-	1,498,085
Construction in progress	2,463,213	795,457	(862,015)	2,396,655
Total capital assets not being depreciated	<u>3,961,298</u>	<u>795,457</u>	<u>(862,015)</u>	<u>3,894,740</u>
Capital assets being depreciated:				
Buildings	5,553,500	420,617	-	5,974,117
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	8,382,624	698,200	(575,547)	8,505,277
Infrastructure, road network	34,488,369	441,398	-	34,929,767
Total capital assets being depreciated	<u>48,676,207</u>	<u>1,560,215</u>	<u>(575,547)</u>	<u>49,660,875</u>
Less accumulated depreciation for:				
Buildings	1,052,482	144,353	-	1,196,835
Improvements other than buildings	30,410	6,292	-	36,702
Equipment and vehicles	7,450,212	514,850	(566,966)	7,398,096
Infrastructure, road network	13,069,652	791,408	-	13,861,060
Total accumulated depreciation	<u>21,602,756</u>	<u>1,456,903</u>	<u>(566,966)</u>	<u>22,492,693</u>
Total capital assets being depreciated, net	<u>27,073,451</u>	<u>103,312</u>	<u>(8,581)</u>	<u>27,168,182</u>
Governmental activities capital assets, net	<u>\$ 31,034,749</u>	<u>898,769</u>	<u>(870,596)</u>	<u>31,062,922</u>
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 488,499	-	-	488,499
Construction in progress	180,434	349,410	-	529,844
Total capital assets not being depreciated	<u>668,933</u>	<u>349,410</u>	<u>-</u>	<u>1,018,343</u>
Capital assets being depreciated:				
Buildings	443,091	-	-	443,091
Equipment and vehicles	2,892,751	97,829	(10,261)	2,980,319
Infrastructure	1,013,458	-	-	1,013,458
Total capital assets being depreciated	<u>4,349,300</u>	<u>97,829</u>	<u>(10,261)</u>	<u>4,436,868</u>
Less accumulated depreciation for:				
Buildings	106,290	11,077	-	117,367
Equipment and vehicles	1,701,419	337,658	(10,261)	2,028,816
Infrastructure	300,700	48,080	-	348,780
Total accumulated depreciation	<u>2,108,409</u>	<u>396,815</u>	<u>(10,261)</u>	<u>2,494,963</u>
Total capital assets being depreciated, net	<u>2,240,891</u>	<u>(298,986)</u>	<u>-</u>	<u>1,941,905</u>
Business type activities capital assets, net	<u>\$ 2,909,824</u>	<u>50,424</u>	<u>-</u>	<u>2,960,248</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 60,786
County environment and education		27,120
Roads and transportation		1,184,876
Administration		184,121
Total depreciation expense - governmental activities		<u>\$ 1,456,903</u>
Business type activities:		
Landfill operations		<u>\$ 396,815</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	\$ 33,531
Special Revenue:		
Mental Health	Services	1,016,497
Secondary Roads	Services	7,436
Task Force	Services	1,280
Attorney Drug Prosecution	Services	1,279
		<u>1,026,492</u>
Total for governmental funds		<u>\$ 1,060,023</u>
Agency:		
Agricultural Extension Education	Collections	\$ 161,847
County Assessor		890,157
Schools		15,217,800
Community Colleges		534,953
Corporations		6,738,954
Townships		293,302
Auto License and Use Tax		502,968
Special Assessments		282,520
County Hospital		864,446
E911		322,511
All other		23,719
Total for agency funds		<u>\$ 25,833,177</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Governmental Activities				Business Type Activities		
	General Obligation Bonds	General Obligation Capital Loan Notes	Compen- sated Absences	Total	Compen- sated Absences	Closure and Postclosure Care	Total
Balance beginning of year	\$ 3,311,923	1,900,000	268,383	5,480,306	19,103	1,337,225	1,356,328
Increases	-	-	229,071	229,071	26,002	520,389	546,391
Decreases	255,947	65,000	179,087	500,034	21,886	-	21,886
Balance end of year	<u>\$ 3,055,976</u>	<u>1,835,000</u>	<u>318,367</u>	<u>5,209,343</u>	<u>23,219</u>	<u>1,857,614</u>	<u>1,880,833</u>
Due within one year	\$ 310,000	1,580,000	318,367	2,208,367	23,219	-	23,219

General Obligation Bonds

A summary of the County's June 30, 2008 general obligation bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2009	3.50%	\$ 310,000	112,542	422,542
2010	2.70	325,000	101,693	426,693
2011	2.95	340,000	92,917	432,917
2012	3.05	350,000	82,888	432,888
2013	3.15	360,000	72,212	432,212
2014-2018	3.25 - 3.70	1,755,000	173,223	1,928,223
Total		\$ 3,440,000	635,475	4,075,475

During the year ended June 30, 2008, the County retired \$295,000 of general obligation bonds. The unamortized discount totaled \$384,024 at June 30, 2008.

General Obligation Capital Loan Notes

During the year ended June 30, 2007, the County entered into a general obligation capital loan anticipation project note for \$1,500,000 to acquire land for the site of the Farm Progress Show and a capital loan note for \$400,000 to construct an addition to the Department of Human Services building. The County also authorized the issuance of \$3,500,000 of general obligation capital loan notes to be used to refinance the general obligation capital loan anticipation project note. A summary of the County's June 30, 2008 general obligation capital loan note indebtedness is as follows:

Year ending June 30,	Capital Loan Anticipation Project Note			Capital Loan Note, Series 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	5.40%	\$ 1,500,000	81,000	4.40%	\$ 80,000	14,740
2010		-	-	4.40	80,000	11,220
2011		-	-	4.40	85,000	7,700
2012		-	-	4.40	90,000	3,960
Total		\$ 1,500,000	81,000		\$ 335,000	37,620

Year ending June 30,	Total		
	Principal	Interest	Total
2009	1,580,000	95,740	1,675,740
2010	80,000	11,220	91,220
2011	85,000	7,700	92,700
2012	90,000	3,960	93,960
Total	1,835,000	118,620	1,953,620

During the year ended June 30, 2008, the County retired \$65,000 of capital loan notes.

### Refunded General Obligation Bonds

During the year ended June 30, 2004, the County entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. government securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they become due. After the principal and interest on all of the outstanding bonds have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances and liabilities of the escrow account are not recorded by the County. The amount of the refunded general obligation bonds considered extinguished and, therefore, excluded from long-term debt was \$3,395,000 at June 30, 2008.

### **(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 3.90% of their annual covered salary and the County is required to 6.05% 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, 2008, 2007 and 2006 were \$329,197, \$301,072 and \$259,817, respectively, equal to the required contributions for each year.

### **(9) Risk Management**

Boone 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 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the

Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$138,687.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$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, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(10) Hospital Revenue Bonds**

The County has entered into a loan agreement to borrow not to exceed \$7,500,000 to enlarge and improve the Boone County Hospital. The loan agreement was entered into pursuant to the authority contained in Section 331.402(3) of the Code of Iowa and does not constitute a general obligation of the County.

**(11) Loans to County Community Service Case Management Fund**

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 for necessary cash flow. The County is establishing formal repayment schedules for the loans. At June 30, 2008, neither loan had been repaid.

**(12) Closure and Postclosure Care**

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

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

These costs for the Boone County Landfill have been estimated at \$1,440,900 for closure and \$1,410,000 for postclosure, for a total of \$2,850,900 as of June 30, 2008 for the original and expansion areas combined. The portion of the liability that has been recognized is \$1,857,614. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2008. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 9 years for the expansion area and the capacity used at June 30, 2008 is 49.26%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2008, assets of \$2,392,543 are restricted for these purposes, of which \$1,291,880 is for closure and \$1,100,663 is for postclosure care.

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

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

**(13) Solid Waste Tonnage Fees Retained**

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

As of June 30, 2008, net assets of \$126,065 have been retained by the County and restricted for the required purposes.

**Boone County**

**Required Supplementary Information**

Boone County

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

Required Supplementary Information

Year ended June 30, 2008

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 6,952,520	-	6,952,520
Interest and penalty on property tax	93,466	-	93,466
Intergovernmental	6,307,217	-	6,307,217
Licenses and permits	18,641	-	18,641
Charges for service	927,111	-	927,111
Use of money and property	402,343	-	402,343
Miscellaneous	114,649	53,792	60,857
Total receipts	<u>14,815,947</u>	<u>53,792</u>	<u>14,762,155</u>
<b>Disbursements:</b>			
Public safety and legal services	2,681,972	-	2,681,972
Physical health and social services	630,146	-	630,146
Mental health	2,416,514	-	2,416,514
County environment and education	930,422	73,156	857,266
Roads and transportation	4,661,077	-	4,661,077
Governmental services to residents	500,441	-	500,441
Administration	1,618,641	-	1,618,641
Debt service	515,934	-	515,934
Capital projects	878,950	-	878,950
Total disbursements	<u>14,834,097</u>	<u>73,156</u>	<u>14,760,941</u>
Excess (deficiency) of receipts over (under) disbursements	(18,150)	(19,364)	1,214
Other financing sources, net	887,617	-	887,617
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	869,467	(19,364)	888,831
Balance beginning of year	5,097,397	147,586	4,949,811
Balance end of year	<u>\$ 5,966,864</u>	<u>128,222</u>	<u>5,838,642</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
6,836,534	6,836,534	115,986
57,720	57,720	35,746
5,524,118	5,624,118	683,099
16,100	16,100	2,541
874,910	874,910	52,201
466,330	466,330	(63,987)
839,804	839,804	(778,947)
<u>14,615,516</u>	<u>14,715,516</u>	<u>46,639</u>
2,993,617	2,993,617	311,645
741,012	741,012	110,866
2,540,550	2,800,550	384,036
1,158,238	1,208,238	350,972
5,196,400	5,196,400	535,323
584,576	584,576	84,135
1,596,505	1,596,505	(22,136)
732,639	732,639	216,705
2,626,400	2,626,400	1,747,450
<u>18,169,937</u>	<u>18,479,937</u>	<u>3,718,996</u>
(3,554,421)	(3,764,421)	3,765,635
2,500	2,500	885,117
(3,551,921)	(3,761,921)	4,650,752
6,062,042	6,062,042	(1,112,231)
<u>2,510,121</u>	<u>2,300,121</u>	<u>3,538,521</u>

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Boone County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 14,815,947	(93,255)	14,722,692
Expenditures	14,834,097	(588,983)	15,423,080
Net	(18,150)	(682,238)	(700,388)
Other financing sources, net	887,617	1,123	888,740
Beginning fund balances	5,097,397	467,484	5,564,881
Ending fund balances	\$ 5,966,864	(213,631)	5,753,233

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$310,000. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the administration function.

**Boone County**

**Other Supplementary Information**

Boone County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2008

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Special Conservation Land Acquisition
<b>Assets</b>				
Cash and pooled investments	\$ 43,938	726	128,222	72,982
Accounts receivable	-	-	-	-
Due from other funds	572	10	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 44,510</b>	<b>736</b>	<b>128,222</b>	<b>72,982</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	28,255	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>28,255</b>	<b>-</b>
Fund equity:				
Fund balances:				
Unreserved	44,510	736	99,967	72,982
<b>Total liabilities and fund equity</b>	<b>\$ 44,510</b>	<b>736</b>	<b>128,222</b>	<b>72,982</b>

See accompanying independent auditor's report.

Revenue					
Resource					
Enhancement	Task	Attorney	Jail	Reserve	Total
and	Force	Drug	Commissary	Deputy	
Protection		Prosecution			
114,396	67,700	2,807	56,867	2,172	489,810
-	182	-	-	-	182
-	-	-	-	-	582
-	-	-	-	100	100
114,396	67,882	2,807	56,867	2,272	490,674
-	-	-	1,677	-	1,677
-	1,280	1,279	-	-	2,559
-	-	-	-	-	28,255
-	1,280	1,279	1,677	-	32,491
114,396	66,602	1,528	55,190	2,272	458,183
114,396	67,882	2,807	56,867	2,272	490,674

Boone County

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

Year ended June 30, 2008

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Special Conservation Land Acquisition
Revenues:				
Intergovernmental	\$ -	-	-	-
Charges for service	6,668	-	-	-
Use of money and property	1,478	25	-	-
Miscellaneous	-	-	53,791	6,405
Total revenues	8,146	25	53,791	6,405
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	3,592	-	73,155	3,171
Total expenditures	3,592	-	73,155	3,171
Excess (deficiency) of revenues over (under) expenditures	4,554	25	(19,364)	3,234
Other financing sources:				
Operating transfers in	-	-	-	630
Excess (deficiency) of revenues and other financing sources over (under) expenditures	4,554	25	(19,364)	3,864
Fund balances beginning of year	39,956	711	119,331	69,118
Fund balances end of year	\$ 44,510	736	99,967	72,982

See accompanying independent auditor's report.

Revenue					
Resource Enhancement and Protection	Task Force	Attorney Drug Prosecution	Jail Commissary	Reserve Deputy	Total
9,627	435	-	-	-	10,062
-	-	-	-	-	6,668
4,363	-	-	29,854	-	35,720
-	3,629	3,340	428	5,960	73,553
13,990	4,064	3,340	30,282	5,960	126,003
-	3,863	8,048	23,207	7,625	42,743
-	-	-	-	-	79,918
-	3,863	8,048	23,207	7,625	122,661
13,990	201	(4,708)	7,075	(1,665)	3,342
-	-	-	-	-	630
13,990	201	(4,708)	7,075	(1,665)	3,972
100,406	66,401	6,236	48,115	3,937	454,211
114,396	66,602	1,528	55,190	2,272	458,183

Boone County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,261	493,288	225,872	8,047
Other County officials	36,518	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	586	1,549	56,928	1,906
Succeeding year	-	159,000	420,000	14,935,000	525,000
Accounts	858	-	-	-	-
Special assessments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	574	-	-
<b>Total assets</b>	<b>\$ 37,376</b>	<b>161,847</b>	<b>915,411</b>	<b>15,217,800</b>	<b>534,953</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	107	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	520	-	-	-	-
Due to other governments	17,832	161,847	890,157	15,217,800	534,953
Trusts payable	19,024	-	-	-	-
Compensated absences	-	-	25,147	-	-
<b>Total liabilities</b>	<b>\$ 37,376</b>	<b>161,847</b>	<b>915,411</b>	<b>15,217,800</b>	<b>534,953</b>

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
108,891	3,786	502,968	26,719	12,321	323,484	575,816	2,283,453
-	-	-	-	-	-	-	36,518
38,063	516	-	-	3,125	-	11	102,684
6,592,000	289,000	-	-	849,000	-	3,000	23,772,000
-	-	-	-	-	628	7,881	9,367
-	-	-	255,801	-	-	-	255,801
-	-	-	-	-	-	520	520
-	-	-	-	-	-	181,343	181,343
-	-	-	-	-	-	986	1,560
<b>6,738,954</b>	<b>293,302</b>	<b>502,968</b>	<b>282,520</b>	<b>864,446</b>	<b>324,112</b>	<b>769,557</b>	<b>26,643,246</b>
-	-	-	-	-	1,601	60,399	62,107
-	-	-	-	-	-	18,173	18,173
-	-	-	-	-	-	-	520
6,738,954	293,302	502,968	282,520	864,446	322,511	5,887	25,833,177
-	-	-	-	-	-	649,406	668,430
-	-	-	-	-	-	35,692	60,839
<b>6,738,954</b>	<b>293,302</b>	<b>502,968</b>	<b>282,520</b>	<b>864,446</b>	<b>324,112</b>	<b>769,557</b>	<b>26,643,246</b>

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

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 39,718	155,312	883,378	14,878,058	553,680
Additions:					
Property and other county tax	-	159,475	421,606	14,969,031	527,091
E911 surcharge	-	-	-	-	-
State tax credits	-	6,870	20,852	672,278	24,465
Office fees and collections	904,168	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	1,690	-	-
Total additions	904,168	166,345	444,148	15,641,309	551,556
Deductions:					
Agency remittances:					
To other funds	349,862	-	-	-	-
To other governments	213,738	159,810	-	15,301,567	570,283
Trusts paid out	342,910	-	412,115	-	-
Total deductions	906,510	159,810	412,115	15,301,567	570,283
Balances end of year	\$ 37,376	161,847	915,411	15,217,800	534,953

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
6,621,313	293,503	544,074	379,835	845,352	374,304	639,519	26,208,046
6,596,204	292,833	-	-	853,130	-	3,181	23,822,551
-	-	-	-	-	129,932	-	129,932
279,414	12,082	-	-	37,431	-	142	1,053,534
-	-	-	-	-	-	6,691	910,859
-	-	5,653,544	-	-	-	96,012	5,749,556
-	-	-	82,384	-	-	-	82,384
-	-	-	-	-	-	1,383,081	1,383,081
-	-	-	-	-	5,903	1,778,023	1,785,616
6,875,618	304,915	5,653,544	82,384	890,561	135,835	3,267,130	34,917,513
-	-	229,480	-	-	-	96,012	675,354
6,757,977	305,116	5,465,170	179,699	871,467	186,027	2,903	30,013,757
-	-	-	-	-	-	3,038,177	3,793,202
6,757,977	305,116	5,694,650	179,699	871,467	186,027	3,137,092	34,482,313
6,738,954	293,302	502,968	282,520	864,446	324,112	769,557	26,643,246

Boone County

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

For the Last Nine Years

	Modified Accrual Basis			
	2008	2007	2006	2005
Revenues:				
Property and other county tax	\$ 6,973,408	6,469,589	6,117,846	6,088,359
Interest and penalty on property tax	93,048	76,918	71,901	62,876
Intergovernmental	6,196,573	6,177,965	5,518,447	5,758,477
Licenses and permits	18,631	25,821	20,933	15,067
Charges for service	932,813	916,158	926,680	942,470
Use of money and property	276,241	343,410	242,346	158,099
Miscellaneous	231,978	257,996	198,900	540,830
<b>Total</b>	<b>\$ 14,722,692</b>	<b>14,267,857</b>	<b>13,097,053</b>	<b>13,566,178</b>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,685,812	2,507,524	2,393,530	2,117,985
Physical health and social services	639,097	660,704	610,980	583,588
Mental health	2,986,700	2,671,208	2,479,313	2,341,752
County environment and education	926,932	933,921	857,742	787,105
Roads and transportation	4,831,699	4,322,499	3,881,757	3,990,145
Governmental services to residents	497,320	495,947	666,018	510,074
Administration	1,591,002	1,338,419	1,217,653	1,202,257
Debt service	610,659	417,958	416,895	433,595
Capital projects	653,859	3,113,667	474,175	1,905,106
<b>Total</b>	<b>\$ 15,423,080</b>	<b>16,461,847</b>	<b>12,998,063</b>	<b>13,871,607</b>

See accompanying independent auditor's report.

2004	2003	2002	2001	2000
6,013,505	5,810,864	5,504,926	4,750,472	4,246,522
66,697	64,522	67,451	60,113	44,407
4,640,729	4,569,465	4,840,152	4,881,308	5,035,302
60,808	14,598	10,431	7,838	7,120
884,787	869,192	832,023	719,700	724,327
129,254	151,049	436,706	357,245	295,697
212,419	293,260	204,584	157,254	377,682
12,008,199	11,772,950	11,896,273	10,933,930	10,731,057

2,013,154	1,927,982	1,900,164	1,756,703	1,501,153
597,127	620,149	839,084	830,284	783,540
2,005,825	2,136,380	1,859,850	1,958,823	1,898,781
758,079	742,442	680,163	701,680	546,285
3,581,862	3,602,048	3,832,568	3,572,743	3,355,470
470,870	455,664	429,361	388,559	354,859
1,064,871	998,490	867,867	852,361	898,337
843,108	431,149	341,149	241,607	18,750
706,865	1,627,172	3,609,233	1,056,929	604,856
12,041,761	12,541,476	14,359,439	11,359,689	9,962,031

**Schedule 6**

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants	93.276	5 H79 SP11259-03	\$ 22,816
Drug-Free Communities Support Program Grants	93.276	5 H79 SP11259-04	87,083
Total direct			<u>109,899</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		<u>23,112</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C008(31)8J--08	98,716
Highway Planning and Construction	20.205	IBRC-C008(39)--8E-08	138,135
			<u>236,851</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Safety Incentive Grants for Use of Seatbelts	20.604	08-157, Task 18	2,682
Safety Belt Performance Grants	20.609	08-157, Task 18	<u>484</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>25,093</u>
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund	93.596		<u>6,094</u>
Foster Care - Title IV-E	93.658		<u>14,601</u>
Adoption Assistance	93.659		<u>3,478</u>
State Children's Insurance Program	93.767		<u>207</u>
Medical Assistance Program	93.778		<u>31,857</u>
Social Services Block Grant	93.667		<u>16,459</u>
Social Services Block Grant	93.667		<u>92,861</u>
			<u>109,320</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants- Public Assistance (Presidentially			
Declared Disasters)	97.036		<u>187,955</u>
Emergency Management Performance Grants	97.042	EMPG	<u>22,987</u>
Iowa Homeland Security and Emergency Management			
Division:			
State Homeland Security Program	97.073	2005-GE-T5-0056	<u>1,057</u>
Total indirect			<u>665,778</u>
Total			<u>\$ 775,677</u>

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

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

See accompanying independent auditor's report.

**Boone County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 13, 2009. 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 Boone County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Boone County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boone County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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, including a deficiency we consider to be a material weakness.

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 Boone 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 Boone County's financial statements that is more than inconsequential will not be prevented or detected by Boone County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency or combination of significant deficiencies, that result in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Boone 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 item II-A-08 is a material weakness.

#### Compliance and Other Matters

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

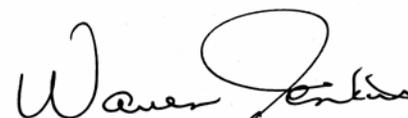
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 13, 2009

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance  
In Accordance with OMB Circular A-133**

**Boone County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

David A. Vaudt, CPA  
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Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Boone County:

Compliance

We have audited the compliance of Boone County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2008. Boone County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of Boone County's management. Our responsibility is to express an opinion on Boone County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boone County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Boone County's compliance with those requirements.

In our opinion, Boone County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

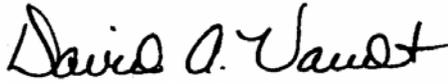
The management of Boone County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Boone County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boone County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 13, 2009

Boone County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

**Part I: Summary of Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Boone County did not qualify as a low-risk auditee.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

II-A-08 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts – collecting, depositing, posting and daily reconciling.	Landfill
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer

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

Responses –

Landfill – The Landfill has four staff (two full-time and two part-time) that handle administrative duties for the departments under the Landfill Administrator's direction. Each year the Landfill, with guidance from the State Auditor's Office, has made improvements to its internal controls to help address the limited number of its administrative staff. Following the previous year's audit recommendations, the Landfill administrator implemented a policy through which duties for logging payments and deposits has been spread among all four administrative employees.

The Landfill utilizes a business software program for daily scale transactions that provides printed daily transactions reports and also reports all changes made to transactions and accounts (voids, credits, etc.) This software also prepares billing statements for account holders on a monthly basis. The daily reports from the software are used to match deposits made to the County Treasurer. The Landfill administrator reviews these daily reports.

For non-scale transactions that involve the receipt of payments through the mail, the following protocol was implemented during the past year. 1) The scale attendants open the mail and record any checks/cash via mail received on a log sheet that details date, who the check was received from and amount. 2) These monies are then forwarded to the administrative services coordinator (or in her absence, the administrator) who prepares a deposit ticket using pre-numbered slips. 3) All deposits are then submitted to the County Treasurer who issues a receipt which is then stapled to the Landfill's deposit slip and returned to the landfill office. 4) Each Wednesday, a scale attendant compiles the previous week's deposit receipts and the

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

deposit log and submits these to the Landfill administrator for his review. 5) The administrator initials on the log verifying that the monies received were duly deposited with the County Treasurer and a receipt issued.

As always, the Landfill administrator is open to any suggestions the State Auditor can offer to improve the Landfill's internal controls and thereby protect the integrity of the Landfill's accounting system.

Treasurer – The Treasurer will put a procedure in place to open and list mail receipts and follow it through collection, depositing, posting and daily reconciling.

Conclusion – Responses accepted.

II-B-08 Credit Cards – Various County employees use credit cards and store charge cards issued to the County. Detailed credit card receipts were not always available to support credit card charges or were not always reconciled to the credit card statements from which payment was made.

Recommendation – Credit card receipts should be maintained and reconciled to credit card statements prior to payment.

Response – Boone County adopted a new credit card policy on July 25, 2008 that says “If appropriate receipts are not turned in and cannot be produced, the employee will reimburse county through a payroll deduction for any undocumented charges that do not comply with county policy.” The County will reconcile credit card receipts to bill and collect undocumented charges from employee that made them.

Conclusion – Response accepted.

II-C-08 County Recorder – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2008 was not investigated and resolved.

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

Response – The variance between book and bank balances are being worked out by using monthly reports. These are not current right now but we are working on getting caught up. We will continue using the report form that was given to us years ago also.

Conclusion – Response accepted.

II-D-08 Independent Review of Payroll – Each time payroll is run, a report is provided to each department for review. The County Auditor’s office receives no assurance from the Departments the payroll has been reviewed and/or approved. Also, there is no independent review of across-the-board pay rate changes for salary and hourly employees.

Recommendation – The County should review the payroll process to obtain the maximum internal control possible.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Response – The County Auditor’s Office will ask each department head to review payroll documentation and provide the payroll deputy with an e-mail or initialed copy of reports provided to document payroll was reviewed and determined correct as issued or any problems noted have been corrected. Effective July 1, 2009, payroll adjustments will be entered by payroll staff and a report will be given to the Board of Supervisors and department heads for review and concurrence information on each employees salary has been correctly entered.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

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

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amount budgeted in the administration function.

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

Response – Expenses for the sale of the Boone County farm crop land were deducted from the proceeds of the sale and the net amount of sale was deposited into County funds. During audit an adjustment was made to account for the total receipts from the sale. The addition of the costs to the administration expenditures caused the County to exceed the appropriation made for county administration. In the future we will endeavor to record transactions correctly and will amend the budget, if necessary.

Conclusion – Response accepted.

IV-B-08 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-08 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Description	Amount
Jean Iben, mother-in-law of Sheriff and part-time cook for jail	Transport/Matron fees	\$ 30
Amanda Lonergan, daughter of County Attorney’s administrative assistant	Filing/Copying	150

Recommendation – In accordance with Chapter 331.342(10) of the Code of Iowa, these transactions do not appear to represent a conflict of interest since the total for each was less than \$1,500 during the fiscal year.

IV-E-08 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-08 Board Minutes – No transactions were found we believe should have been approved in the Board minutes but were not.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

IV-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-H-08 Resource Enhancement and Protection Certification – The County chose not to dedicate property tax revenue to conservation purposes to the extent required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

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

IV-I-08 Financial Assurance – The Boone County Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area	
	Closure	Postclosure	Closure	Postclosure
Total estimated costs for closure and postclosure care	\$ 179,300	714,000	1,261,600	696,000
Less: Balance of funds held in the local dedicated fund at June 30, 2007	(164,600)	(480,000)	(949,214)	(430,005)
Reallocation of surplus funds held based on current estimated costs	(14,700)	(234,000)	14,700	234,000
Total funds held at June 30, 2007	(179,300)	(714,000)	(934,514)	(196,005)
Balance to be funded	-	-	327,086	499,995
Divided by the number of years remaining in the pay-in period	-	-	3	3
Required payment into the local dedicated fund for the year ended June 30, 2008	-	-	109,029	166,665
Balance of funds held in the local dedicated fund at June 30, 2007, as reallocated	179,300	714,000	934,514	196,005
Required balance of funds to be held in the local dedicated fund at June 30, 2008	\$ 179,300	714,000	1,043,543	362,670
Amount County has restricted for closure and postclosure care at June 30, 2008	\$ 179,300	714,000	1,112,580	386,663

IV-J-08 Solid Waste Fees Retainage – During the year ended June 30, 2008, the County used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

IV-K-08 Deficit Fund Balance – The Special Revenue, Mental Health Fund had a deficit fund balance of \$363,050 at June 30, 2008. Also, the Agency, Grant Fiscal Agent, DECAT Family Team Meeting Project and Anatomical Gift Funds had cash deficits as of June 30, 2008.

Recommendation – The County should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position.

Response – The County has applied to mental health growth fund for dollars to alleviate this deficit. The County did receive approximately \$132,000 from this effort. The increase in Mental Health Fund deficit was caused by a long standing legal settlement issue being resolved for one individual and about three years of expenditures became ours to pay. The County is in process of establishing waiting lists to help manage this deficit.

The County has established a billing procedure for Drug Free Communities grant which is accounted for in Grant Fiscal Agent Fund to bill for payroll expenditures for entire month with first payroll of each month. The grant promised next day deposits of funds requested, but funds do not get wired as promised. This procedure seems to have corrected this problem.

DeCat funding has been difficult to manage as funds can only be drawn down on a reimbursement basis. Also DHS local administrative expense funding that should have been deposited in Family Team Meeting Project Fund was deposited incorrectly into the General Fund.

The Anatomical Gift Fund is totally managed by the Treasurer through transfers to the Iowa Department of Transportation. Apparently errors in these transfers have occurred over the years and the County will need the Department's assistance to correct this problem.

Conclusion – Response accepted.

IV-L-08 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2008 for the County Extension Office did not exceed the amount budgeted.

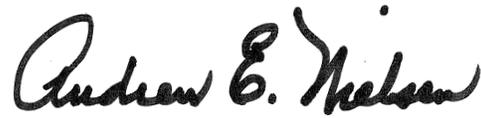
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Boone County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor II  
Tiffany Amber Berkland, Staff Auditor  
Keith C. Kistenmacher, Staff Auditor  
Scott G. Anderson, Assistant Auditor  
Jennifer M. Kopp, Assistant Auditor  
Gabriel M. Stafford, CPA, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State