



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 February 10, 2010

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$8,142,119 for the year ended June 30, 2009, which included \$431,854 in tax credits from the state. The County forwarded \$5,170,576 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,899,394 of the local tax revenue to finance County operations, a 31% increase over the prior year. Other revenues included charges for service of \$642,910, operating grants, contributions and restricted interest of \$2,423,905, unrestricted investment earnings of \$65,256, local option sales tax of \$219,315 and other general revenues of \$268,883.

Expenses for County operations totaled \$7,189,171, an 18% increase over the prior year. Expenses included \$1,680,155 for county environment and education, \$2,791,201 for roads and transportation and \$874,237 for public safety and legal services. The significant increase in expenses is due to the County assisting with the financing for an Aquatic Center in Corning, Iowa using the proceeds of local option sales tax revenue bonds issued in fiscal year 2009.

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/index.html>.

###

ADAMS COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2009

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	G	25
Notes to Financial Statements		26-37
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		40
Budget to GAAP Reconciliation		41
Notes to Required Supplementary Information – Budgetary Reporting		42
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	44-45
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	46-47
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	48-49
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	50-51
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	52-53
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 <u>Government Auditing Standards</u>		55-56
Schedule of Findings		57-60
Staff		61

Adams County

Officials

(Before January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Karl McCarty	Board of Supervisors	Jan 2009
Mark Olive	Board of Supervisors	Jan 2009
Linda England	Board of Supervisors	Jan 2011
Phyllis Mullen	Board of Supervisors	Jan 2011
Kevin Wynn	Board of Supervisors	Jan 2011
Nicole Tucker	County Auditor	Jan 2009
Nancy Kempton	County Treasurer	Jan 2011
Mary Miller	County Recorder	Jan 2011
Bill Lyddon	County Sheriff	Jan 2009
Jeff Millhollin	County Attorney	Jan 2011
Carolyn Burroughs	County Assessor	Jan 2010

(After January 2009)

Linda England	Board of Supervisors	Jan 2011
Phyllis Mullen	Board of Supervisors	Jan 2011
Kevin Wynn	Board of Supervisors	Jan 2011
Karl McCarty	Board of Supervisors	Jan 2013
Mark Olive	Board of Supervisors	Jan 2013
Nicole Tucker	County Auditor	Jan 2013
Nancy Kempton	County Treasurer	Jan 2011
Mary Miller	County Recorder	Jan 2011
Bill Lyddon	County Sheriff	Jan 2013
Jeff Millhollin	County Attorney	Jan 2011
Carolyn Burroughs	County Assessor	Jan 2010

Adams 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

To the Officials of Adams County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Adams County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Adams County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Adams County at June 30, 2009, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2010 on our consideration of Adams County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 40 through 42 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 Adams 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, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 25, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2009 FINANCIAL HIGHLIGHTS

- Adams County's governmental activities revenues increased 10.25%, or approximately \$606,000, from fiscal year (FY) 2008 to FY2009. Operating grants decreased approximately \$180,000 from FY2008 and property and other county tax increased approximately \$662,000 over FY2008. During FY2009, the County began collection of tax increment financing.
- Adams County's governmental activities program expenses increased approximately \$1,097,000 from FY2008. County environment and education expenses increased approximately \$944,000.
- The County's net assets decreased 17%, or approximately \$669,500, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Adams County’s net assets at the end of FY2009 totaled approximately \$3.2 million, compared to approximately \$3.9 million at the end of FY2008. The analysis that follows focuses on the net assets of governmental activities.

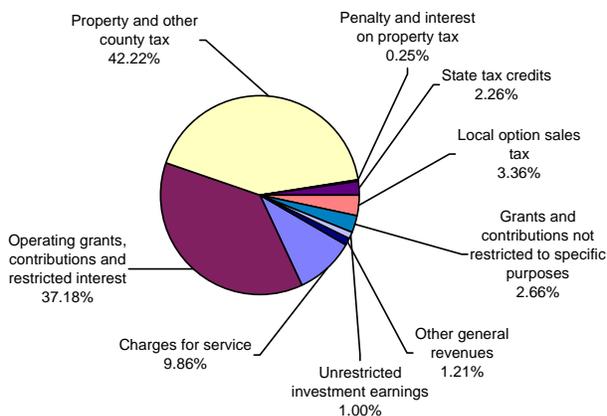
Net Assets of Governmental Activities		
	June 30,	
	2009	2008
Current and other assets	\$ 5,641,944	4,571,669
Capital assets	6,051,321	6,351,536
Total assets	<u>11,693,265</u>	<u>10,923,205</u>
Long-term liabilities	5,324,807	4,384,260
Other liabilities	3,130,141	2,631,120
Total liabilities	<u>8,454,948</u>	<u>7,015,380</u>
Net assets:		
Invested in capital assets, net of related debt	5,941,321	6,187,705
Restricted	1,298,317	1,317,035
Unrestricted	<u>(4,001,321)</u>	<u>(3,596,915)</u>
Total net assets	<u>\$ 3,238,317</u>	<u>3,907,825</u>

Net assets of Adams County’s governmental activities decreased \$669,508 from FY2008. The largest portion of the County’s net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—is a deficit of \$4,001,321, due primarily to urban renewal tax increment revenue bonds of \$4.06 million and local option sales tax revenue bonds of \$1.03 million for which the assets acquired by the debt proceeds are not recorded by the County.

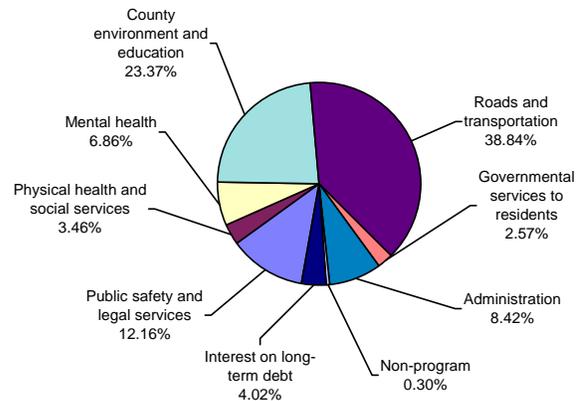
Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	\$ 642,910	514,725
Operating grants, contributions and restricted interest	2,423,905	2,603,812
General revenues:		
Property and other county tax	2,752,228	2,090,071
Penalty and interest on property tax	16,566	15,775
State tax credits	147,166	117,982
Local option sales tax	219,315	191,044
Grants and contributions not restricted to specific purposes	173,366	173,714
Unrestricted investment earnings	65,256	81,954
Gain on disposition of capital assets	-	28,832
Other general revenues	78,951	95,646
Total revenues	<u>6,519,663</u>	<u>5,913,555</u>
Program expenses:		
Public safety and legal services	874,237	685,700
Physical health and social services	248,846	387,383
Mental health	493,423	423,572
County environment and education	1,680,155	736,033
Roads and transportation	2,791,201	2,804,349
Governmental services to residents	184,670	176,508
Administration	605,397	602,980
Non-program	21,918	20,809
Interest on long-term debt	289,324	254,779
Total expenses	<u>7,189,171</u>	<u>6,092,113</u>
Decrease in net assets	(669,508)	(178,558)
Net assets beginning of year	<u>3,907,825</u>	<u>4,086,383</u>
Net assets end of year	<u>\$ 3,238,317</u>	<u>3,907,825</u>

Revenues by Source



Expenses by Program



Adams County decreased property tax rates \$.09 per \$1,000 of taxable valuation in the countywide levy and increased property tax rates \$.11 per \$1,000 of taxable valuation in the rural levy, a net increase of \$.02 for FY2009. The FY2009 Adams County taxable property valuation increased \$28,920,128. The General Assembly allows counties to exceed the statutory maximum levy rate of \$3.50 per \$1,000 of property valuation for the general basic tax levy for property tax when the conditions specified by statute are met. Adams County's general basic tax levy for FY2009 was \$4.00 per \$1,000 of taxable valuation. The net effect of these changes raised the County's property and other county tax revenue \$662,157 in FY2009. Of the increase for property and other county tax revenue, \$339,266 relates to collections for tax increment financing.

INDIVIDUAL MAJOR FUND ANALYSIS

As Adams County completed the year, its governmental funds reported a combined fund balance of \$2,511,097, an increase of \$571,057 over last year's total of \$1,940,040. The increase in the combined fund balance is due primarily to an increase in the General and Special Revenue, Urban Renewal Funds. Changes in fund balances of the major funds from the prior year are as follows:

- General Fund revenues increased \$343,285 and expenditures increased \$296,738. The General Fund ending balance increased \$248,356 over the prior year to \$987,957. Revenue increased in the General Fund mainly due to an increase in intergovernmental revenues of \$234,772. Expenditures increased \$171,400 in public safety and legal services, primarily due to contract law enforcement with the City of Corning in FY2009. There was no similar expenditure in FY2008.
- The County has continued to look for ways to effectively manage the cost of mental health services. Mental Health Fund revenues increased \$165,451, due primarily to an increase in funding for the MH-DD allowable growth factor adjustment. Also, taxes collected for the Mental Health Fund increased due to an increase in the tax levy for the Mental Health Fund. Expenditures increased \$50,259. The Mental Health Fund balance at year end increased \$92,390 over the prior year to \$126,468.
- Rural Services Fund revenues increased \$152,772. The Rural Services Fund ending balance increased \$36,602 over the prior year to \$122,659. Transfers to the Secondary Roads Fund increased \$116,521.
- Secondary Roads Fund expenditures decreased \$393,661 from the prior year, due primarily to less road construction projects during the year. Secondary Roads Fund revenues decreased \$171,889. The decrease in revenues is due to the County receiving less State and Federal pass-through revenues for road construction projects during FY2009. These changes resulted in a decrease in the Secondary Roads Fund ending balance of \$19,369 from FY2008 to \$510,573.
- Local Option Sales Tax Fund expenditures increased \$1,115,734 over the prior year, due primarily to increased spending for the aquatic center located and operated as a joint venture with the City of Corning. Revenues increased by \$53,491. These changes resulted in an increase in the Local Option Sales Tax Fund ending balance of \$99,169 from FY2008 to \$211,880.

BUDGETARY HIGHLIGHTS

Over the course of the year, Adams County amended its budget once. The amendment was made on May 26, 2009 and resulted in an increase in budgeted disbursements of \$846,207, related primarily to increases in disbursements due to additional grant funding received by the County, including federal emergency management assistance grants, a veterans grant, a Harkin wellness grant and a medical examiner grant.

The County's actual receipts were \$194,371 less than the amended budget, a variance of 2.77%. The variance resulted from the County receiving less charges for service and property and other county tax than anticipated.

Total actual disbursements were \$1,435,971 less than the amended budget, a variance of 17.07%. Actual disbursements for the debt service and non-program functions were over budget by \$94,688 and \$2,001, respectively. The capital projects function was under the amended budget by \$351,112. In the debt service function, payments of interest for the FY2009 urban renewal tax increment revenue bonds and the local option sales tax revenue bonds principal were not sufficiently budgeted for.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Adams County had approximately \$6.0 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2009	2008
Land	\$ 265,266	265,266
Buildings and improvements	1,728,962	1,801,707
Equipment and vehicles	1,521,230	1,618,681
Infrastructure	2,535,863	2,665,882
Total	<u>\$ 6,051,321</u>	<u>6,351,536</u>
This year's major additions included:		
Four mowers	\$ 85,398	
Two vehicles	37,050	
Replacement of a dump truck	12,000	
Total	<u>\$ 134,448</u>	

The County had depreciation expense of \$409,939 in FY2009 and total accumulated depreciation of \$3,256,720 at June 30, 2009. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2009, Adams County had \$5,145,000 in long-term debt outstanding, compared to \$4,223,831 at June 30, 2008.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2009	2008
General obligation capital loan notes	\$ 110,000	163,831
Revenue bonds	5,035,000	4,060,000
Total	\$ 5,145,000	4,223,831

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Adams County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$15.7 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Adams County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Adams County's employment (number of persons working) has declined over 10 percent over the past 5 years. Total resident employment in 2009 was 2,150 and total resident employment in 2008 was 2,080. Unemployment in the County increased from 3.9% in 2008 to 6.0% in 2009. This compares with the State's unemployment rate of 6.7% and the national rate of 9.5%.

These indicators were taken into account when adopting the budget for FY2010. Amounts available for appropriation in the FY2010 operating budget are \$6,743,050, a decrease of 10.9% from the final FY2009 budget, due primarily to disbursements of bond proceeds for the Aquatic Center project disbursed in FY2009.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of 2010.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Adams County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Adams County Auditor's Office, 500 9th Street, Corning, Iowa, 50841.

Adams County

Basic Financial Statements

Adams County
Statement of Net Assets
June 30, 2009

	Governmental Activities
Assets	
Cash and pooled investments	\$ 2,620,291
Receivables:	
Property tax:	
Delinquent	749
Succeeding year	2,721,000
Accounts	6,980
Accrued interest	6,383
Due from other governments	187,060
Inventories	99,481
Capital assets (net of accumulated depreciation)	6,051,321
Total assets	11,693,265
Liabilities	
Accounts payable	61,999
Salaries and benefits payable	13,887
Due to other governments	94,973
Deferred revenue:	
Succeeding year property tax	2,721,000
Other	238,282
Long-term liabilities:	
Portion due or payable within one year:	
Capital loan notes	55,000
Revenue bonds	179,547
Compensated absences	141,786
Portion due or payable after one year:	
Capital loan notes	55,000
Revenue bonds	4,855,453
Compensated absences	38,021
Total liabilities	8,454,948
Net Assets	
Invested in capital assets, net of related debt	5,941,321
Restricted for:	
Supplemental levy purposes	339,657
Mental health purposes	126,498
Secondary roads purposes	428,980
Water agreement	62,500
Debt service	1,036
Other purposes	339,646
Unrestricted	(4,001,321)
Total net assets	\$ 3,238,317

See notes to financial statements.

Adams County
Statement of Activities
Year ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 874,237	357,427	1,640	(515,170)
Physical health and social services	248,846	6,393	163,259	(79,194)
Mental health	493,423	-	203,141	(290,282)
County environment and education	1,680,155	176,285	31,014	(1,472,856)
Roads and transportation	2,791,201	13,574	1,999,534	(778,093)
Governmental services to residents	184,670	81,984	97	(102,589)
Administration	605,397	7,247	-	(598,150)
Non-program	21,918	-	-	(21,918)
Debt service	289,324	-	25,220	(264,104)
Total	\$ 7,189,171	642,910	2,423,905	(4,122,356)
General Revenues:				
Property and other county tax levied for:				
General purposes				2,357,109
Tax increment financing				339,266
Debt service				55,853
Penalty and interest on property tax				16,566
State tax credits				147,166
Local option sales tax				219,315
Grants and contributions not restricted to specific purpose				173,366
Unrestricted investment earnings				65,256
Miscellaneous				78,951
Total general revenues				3,452,848
Change in net assets				(669,508)
Net assets beginning of year				3,907,825
Net assets end of year				\$ 3,238,317

See notes to financial statements.

Adams County
Balance Sheet
Governmental Funds

June 30, 2009

	Special		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 1,016,496	224,269	123,926
Receivables:			
Property tax:			
Delinquent	670	32	37
Succeeding year	1,667,000	191,000	761,000
Accounts	5,930	-	-
Accrued interest	6,383	-	-
Due from other governments	12,917	-	200
Advance to other funds	-	-	-
Inventories	-	-	-
Total assets	\$ 2,709,396	415,301	885,163
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 31,341	7,843	333
Salaries and benefits payable	155	5	1,144
Due to other governments	1,598	89,955	-
Advance from other funds	20,705	-	-
Deferred revenue:			
Succeeding year property tax	1,667,000	191,000	761,000
Other	640	30	27
Total liabilities	1,721,439	288,833	762,504
Fund balances:			
Reserved for:			
Supplemental levy purposes	339,657	-	-
Debt service	-	-	-
Water agreement	62,500	-	-
Unreserved, reported in:			
General fund	585,800	-	-
Special revenue funds	-	126,468	122,659
Total fund balances	987,957	126,468	122,659
Total liabilities and fund balances	\$ 2,709,396	415,301	885,163

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
554,085	169,610	531,905	2,620,291
-	-	10	749
-	-	102,000	2,721,000
-	-	1,050	6,980
-	-	-	6,383
131,673	42,270	-	187,060
-	-	20,705	20,705
99,481	-	-	99,481
785,239	211,880	655,670	5,662,649
20,426	-	2,056	61,999
12,583	-	-	13,887
3,375	-	45	94,973
-	-	-	20,705
-	-	102,000	2,721,000
238,282	-	9	238,988
274,666	-	104,110	3,151,552
-	-	-	339,657
-	96,450	211,923	308,373
-	-	-	62,500
-	-	-	585,800
510,573	115,430	339,637	1,214,767
510,573	211,880	551,560	2,511,097
785,239	211,880	655,670	5,662,649

Adams County

Adams County

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

June 30, 2009

Total governmental fund balances (page 19) \$ 2,511,097

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 \$9,308,041 and the accumulated depreciation is \$3,256,720. 6,051,321

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 706

Long-term liabilities, including capital loan notes, urban renewal tax increment revenue bonds, local option sales tax revenue bonds and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (5,324,807)

Net assets of governmental activities (page 16) \$ 3,238,317

See notes to financial statements.

Adams County

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

Year ended June 30, 2009

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 1,508,631	180,144	665,111
Interest and penalty on property tax	16,566		
Intergovernmental	536,309	405,669	37,033
Licenses and permits	1,268	-	4,875
Charges for service	263,548	-	250
Use of money and property	139,573	-	-
Miscellaneous	11,845	-	341
Total revenues	<u>2,477,740</u>	<u>585,813</u>	<u>707,610</u>
Expenditures:			
Operating:			
Public safety and legal services	786,898	-	15,000
Physical health and social services	223,538	-	19,046
Mental health	-	493,423	-
County environment and education	422,000	-	42,355
Roads and transportation	-	-	-
Governmental services to residents	184,779	-	720
Administration	566,751	-	-
Non-program	21,918	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>2,205,884</u>	<u>493,423</u>	<u>77,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>271,856</u>	<u>92,390</u>	<u>630,489</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(23,500)	-	(593,887)
Revenue bonds issued	-	-	-
Discount on revenue bonds issued	-	-	-
Total other financing sources (uses)	<u>(23,500)</u>	<u>-</u>	<u>(593,887)</u>
Net change in fund balances	248,356	92,390	36,602
Fund balances beginning of year	<u>739,601</u>	<u>34,078</u>	<u>86,057</u>
Fund balances end of year	<u>\$ 987,957</u>	<u>126,468</u>	<u>122,659</u>

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
-	219,315	398,145	2,971,346
	-	-	16,566
1,944,293	25,220	124,516	3,073,040
1,133	-	-	7,276
50	-	15,022	278,870
120	-	476	140,169
19,863	-	150	32,199
1,965,459	244,535	538,309	6,519,466
-	-	61,791	863,689
-	-	290	242,874
-	-	-	493,423
-	64,000	78,100	606,455
2,577,439	-	-	2,577,439
-	-	2,131	187,630
-	-	-	566,751
-	-	-	21,918
-	87,567	305,588	393,155
1,276	1,000,500	-	1,001,776
2,578,715	1,152,067	447,900	6,955,110
(613,256)	(907,532)	90,409	(435,644)
593,887	-	23,500	617,387
-	-	-	(617,387)
-	1,025,000	-	1,025,000
-	(18,299)	-	(18,299)
593,887	1,006,701	23,500	1,006,701
(19,369)	99,169	113,909	571,057
529,942	112,711	437,651	1,940,040
510,573	211,880	551,560	2,511,097

Adams County

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

Year ended June 30, 2009

Net change in fund balances - Total governmental funds (page 23) \$ 571,057

**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 in the current year, as follows:

Expenditures for capital assets	\$ 113,948	
Depreciation expense	(409,939)	(295,991)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (4,224)

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. 197

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	\$ (1,025,000)	
Repaid	103,831	(921,169)

Compensated absences reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (19,378)

Change in net assets of governmental activities (page 17) \$ (669,508)

See notes to financial statements.

Adams County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and pooled investments:	
County Treasurer	\$ 398,413
Other County officials	7,736
Receivables:	
Property tax:	
Delinquent	1,139
Succeeding year	4,447,000
Accrued interest	163
Accounts	38
Due from other governments	65,574
Total assets	<u><u>4,920,063</u></u>

Liabilities

Accounts payable	7,532
Due to other governments	4,863,240
Trusts payable	2,649
Compensated absences	46,642
Total liabilities	<u><u>4,920,063</u></u>

Net assets	<u><u>\$ -</u></u>
-------------------	--------------------

See notes to financial statements.

Adams County

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Adams 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, Adams 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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: Adams County Assessor's Conference Board and the South Central Iowa Regional E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations: Creston Cluster Decat Program, Adams and Taylor Counties Regional Service Agency and South Iowa Area Detention Service Agency.

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. 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor 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 Local Option Sales Tax Fund is used to account for local option sales tax collections received from the State of Iowa.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost 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 and buildings	\$ 50,000
Land	10,000
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 infrastructure	20 - 100
Equipment and vehicles	3 - 30

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

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

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

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds and 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. Accumulated sick leave is paid at 50%, not to exceed 360 hours, upon retirement or death. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

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.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Due From and Due to Other Funds

Advance to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Special Law Enforcement	General	<u>\$ 20,705</u>

The advance to/from other funds resulted from a capital project in the General Fund to repair the care facility roof. The advance will be repaid over several years.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	General	
Special Law Enforcement		\$ 18,500
Conservation Land Acquisition		5,000
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>593,887</u>
Total		<u>\$ 617,387</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 50,166	-	-	50,166
Land, road network	215,100	-	-	215,100
Total capital assets not being depreciated	<u>265,266</u>	-	-	<u>265,266</u>
Capital assets being depreciated:				
Buildings	2,909,328	-	-	2,909,328
Equipment and vehicles	3,114,601	134,448	48,982	3,200,067
Infrastructure, road network	2,933,380	-	-	2,933,380
Total capital assets being depreciated	<u>8,957,309</u>	<u>134,448</u>	<u>48,982</u>	<u>9,042,775</u>
Less accumulated depreciation for:				
Buildings	1,107,621	72,745	-	1,180,366
Equipment and vehicles	1,495,920	207,175	24,258	1,678,837
Infrastructure, road network	267,498	130,019	-	397,517
Total accumulated depreciation	<u>2,871,039</u>	<u>409,939</u>	<u>24,258</u>	<u>3,256,720</u>
Total capital assets being depreciated, net	<u>6,086,270</u>	<u>(275,491)</u>	<u>24,724</u>	<u>5,786,055</u>
Governmental activities capital assets, net	<u>\$ 6,351,536</u>	<u>(275,491)</u>	<u>24,724</u>	<u>6,051,321</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 58,083
Physical health and social services	5,972
County environment and education	73,352
Roads and transportation	239,522
Administration	33,010
Total depreciation expense - governmental activities	<u>\$ 409,939</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	<u>\$ 1,598</u>
Special Revenue:		
Mental Health	Services	89,955
Secondary Roads	Services	3,375
Drivers License Revenue	Services	45
		<u>93,375</u>
Total for governmental funds		<u>\$ 94,973</u>

Agency:		
Agricultural Extension Education	Collections	\$ 73,800
County Assessor		345,580
Schools		3,435,480
Community Colleges		173,074
Corporations		560,444
Townships		112,056
Auto License and Use Tax		81,858
All other		80,948
Total for agency funds		<u>\$ 4,863,240</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	General Obligation Capital Loan Notes	Urban Renewal Tax Increment Revenue Bonds	Local Option Sales Tax Revenue Bonds	Compen- sated Absences	Total
Balance beginning of year	\$ 163,831	4,060,000	-	160,429	4,384,260
Increases	-	-	1,025,000	91,659	1,116,659
Decreases	53,831	-	50,000	72,281	176,112
Balance end of year	<u>\$ 110,000</u>	<u>4,060,000</u>	<u>975,000</u>	<u>179,807</u>	<u>5,324,807</u>
Due within one year	<u>\$ 55,000</u>	<u>124,547</u>	<u>55,000</u>	<u>141,786</u>	<u>376,333</u>

General Obligation Capital Loan Notes

The County issued general obligation capital loan notes to remodel the courthouse building, including the jail. Details of the County's June 30, 2009 general obligation capital loan note indebtedness are as follows:

Year ending June 30,	Series 1998B			
	Interest Rates	Principal	Interest	Total
2010	5.00%	\$ 55,000	5,500	60,500
2011	5.00	55,000	2,750	57,750
Total		<u>\$ 110,000</u>	<u>8,250</u>	<u>118,250</u>

Urban Renewal Tax Increment Revenue Bonds Series 2006 and 2007 (Pinnacle Ethanol Project)

The County sold \$2,400,000 and \$1,660,000 of urban renewal tax increment (TIF) revenue bonds dated January 26, 2007 and February 13, 2007, respectively. The bonds bear interest at 6.0% per annum with final maturity on December 1, 2027. On June 1, 2021 and on June 1, 2026, the interest rate on the bonds shall be adjusted to a rate 130 basis points higher than the five year U.S. Treasury rate as published in the Wall Street Journal. Principal and interest on the bonds shall be payable in semi annual payments of \$108,268 and \$74,885 on June 1 and December 1, beginning December 1, 2009 and continuing through and including June 1, 2027, with a final payment of all remaining principal and interest on December 1, 2027.

The County reserves the right to call and prepay any principal amount of these bonds at any time upon the County giving notice by registered or certified mail to the purchaser or other registered holder not less than thirty days prior to the date set for prepayment.

The County has covenanted it will call and prepay any principal amounts of these bonds on June 1 of each year in an amount equal to the balance of funds remaining in the Special Revenue, Urban Renewal Fund after the then current June 1 payments of principal and interest have been made.

Formal repayment schedules have been established for the tax increment urban renewal revenue bonds. However, these are subject to change dependent on the County's right to prepay these bonds at any time and the adjustable interest rate.

Details of the County's June 30, 2009 urban renewal tax increment revenue bond indebtedness are as follows:

Year ending June 30,	Series 2006				Series 2007				Total		
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2010	6.00%	\$ 73,624	142,912	216,536	6.00%	\$ 50,923	98,847	149,770	124,547	241,759	366,306
2011	6.00	78,108	138,428	216,536	6.00	54,024	95,746	149,770	132,132	234,174	366,306
2012	6.00	82,864	133,672	216,536	6.00	57,314	92,456	149,770	140,178	226,128	366,306
2013	6.00	87,911	128,625	216,536	6.00	60,805	88,966	149,771	148,716	217,591	366,307
2014	6.00	93,264	123,271	216,535	6.00	64,508	85,263	149,771	157,772	208,534	366,306
2015-2019	6.00	558,762	523,918	1,082,680	6.00	386,477	362,376	748,853	945,239	886,294	1,831,533
2019-2024	6.00	750,928	331,751	1,082,679	6.00	519,392	229,461	748,853	1,270,320	561,212	1,831,532
2025-2028	6.00	674,539	83,335	757,874	6.00	466,557	57,641	524,198	1,141,096	140,976	1,282,072
Total		\$ 2,400,000	1,605,912	4,005,912		\$ 1,660,000	1,110,756	2,770,756	4,060,000	2,716,668	6,776,668

The urban renewal tax increment revenue bonds were issued for the purpose of paying costs of an urban renewal project to improve certain county roads, provide an economic development grant to Pinnacle Ethanol, LLC and Corning Municipal Utilities and pay capitalized interest and costs of issuance of these bonds. The bonds are payable solely from the income and proceeds of the urban renewal project in accordance with Chapter 403.19 of Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds of the bonds shall be expended only for purposes consistent with the plans of the County's urban renewal area. The total principal and interest remaining on the bonds is \$6,776,668, payable through fiscal year 2028. For the current year, interest paid and tax increment receipts were \$243,600 and \$339,266, respectively. The bonds are not a general obligation of the County, but the debt is subject to the constitutional debt limitation of the County. The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will only be redeemed from the urban renewal tax increment revenue received by the County. The County accounts for this activity within the Special Revenue, Urban Renewal Fund.
- (b) The first \$1,500,000 of bond proceeds shall be used to fully fund the water grant for the City of Corning. The next \$520,000 of bond proceeds shall be used by the County to pay the costs of highway improvements. Next, sufficient bond proceeds shall be set aside to pay costs of issuance of the bonds and to make provision for the payment of interest on the bonds through December 1, 2009. Finally, any remaining bond proceeds shall be used to fund an initial installment on the Pinnacle Grant.

During the year ended June 30, 2009, the County was in compliance with the bond provisions.

Local Option Sales Tax Revenue Bonds, Series 2008

The County issued local option sales tax revenue bonds for a joint project with the City of Corning under a 28E agreement. The County has pledged future local option sales and tax receipts to repay \$1,025,000 of local option sales tax revenue bonds, Series 2008 issued in July 2008. Proceeds from the bonds provided financing for an Aquatic Center in Corning, Iowa, to be operated by the City of Corning under a 28E Joint Operation Agreement. The bonds are payable solely from the proceeds of the local option sales tax received by the County and \$25,220 per year to be received from the City of Corning in accordance with the 28E Joint Operation Agreement and Chapters 423B.9(3) and 384.83 of the Code of Iowa and are payable through 2023. Total principal and interest remaining to be paid on the bonds is \$1,313,472. For the current year, principal and interest paid and total collections were \$87,567 and \$219,315 respectively.

Under the 28E agreement, the City of Corning agreed to remit to the County on or before May 1, 2009 and on or before May 1 of each year until and including May 1, 2023 the sum of \$25,220. The City of Corning acknowledges if the revenues received by the City for its local sales tax are not sufficient to pay the obligated portion under this agreement in one or more of years outlined above, the City agrees interest on the unpaid amount shall accrue at the rate of 4.26% per annum until paid, and all such shortfalls shall become due on the final maturity date of the County's local option sales tax revenue bonds.

Details of County's June 30, 2009 local option sales tax revenue bond indebtedness is as follows:

Year ending June 30,	Series 2008			
	Interest Rates	Principal	Interest	Total
2010	3.05%	\$ 55,000	39,508	94,508
2011	3.25	55,000	37,830	92,830
2012	3.45	60,000	36,043	96,043
2013	3.55	60,000	33,973	93,973
2014	3.7	60,000	31,843	91,843
2015-2019	3.95-4.35	350,000	120,780	470,780
2019-2023	4.40-4.55	335,000	38,495	373,495
Total		\$ 975,000	338,472	1,313,472

The resolution providing for the issuance of the local option sales tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future local option sales tax revenue received by the County and the bond holders hold a lien on the future revenues received.
- (b) A local option sales tax revenue bond sinking account shall be established and sufficient monthly deposits shall be made to the sinking account for the purpose of making bond principal and interest payments when due.
- (c) A local option sales tax revenue bond reserve account shall be established and monthly deposits in the reserve equal to 25% of the amount required to be deposited into the sinking account shall be made to a reserve account until \$96,450 has been accumulated. This account is restricted for the purpose of correcting any deficiencies in the sinking account.

During the year ended June 30, 2009, the County was in compliance with the bond provisions, except for the requirements to establish and properly fund sinking and reserve accounts.

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$128,614, \$114,675 and \$106,238, respectively, equal to the required contributions for each year.

(9) Risk Management

Adams 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 577 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, 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, 2009 were \$103,403.

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 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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, 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) Industrial Development Revenue Bonds

The County has issued a total of \$1,895,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$1,265,000 is outstanding at June 30, 2009. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

(11) Southern Iowa Rural Water Association (SIRWA) Agreement

On May 23, 2005, the County entered into a 28E agreement with SIRWA and nine other counties to provide joint financing of certain water development facilities at Gooseberry Lake to enable SIRWA to withdraw water sufficient to supply treated water to portions of SIRWA's rural water distribution system. Pursuant to the agreement, SIRWA will obtain a loan for \$500,000 to cover the initial costs. Liability for repayment of the loan will be borne by the respective parties (counties) to the agreement. Adams County's share of the debt is 12.5%, or \$62,500. Each participant is required to establish a SIRWA Grid sinking and reserve fund, into which there shall be appropriated from the participant's General Fund sufficient funds to pay the principal and interest on the loan. On December 29, 2009, the County established the Special Revenue, SIRWA Water Grid Fund and transferred \$62,500 from the General Fund to this fund in compliance with the 28E agreement. At June 30, 2009, no debt has been issued by SIRWA and, accordingly, a liability has not been reflected in the County's financial statements.

Adams County

Required Supplementary Information

Adams 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, 2009

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 2,933,810	2,998,919	2,998,919	(65,109)
Interest and penalty on property tax	16,561	12,600	12,600	3,961
Intergovernmental	3,418,086	2,717,675	3,397,282	20,804
Licenses and permits	6,563	10,800	10,800	(4,237)
Charges for service	279,466	260,375	435,375	(155,909)
Use of money and property	144,069	143,549	143,549	520
Miscellaneous	32,029	26,430	26,430	5,599
Total receipts	6,830,584	6,170,348	7,024,955	(194,371)
Disbursements:				
Public safety and legal services	862,310	835,034	993,034	130,724
Physical health and social services	275,349	453,670	553,670	278,321
Mental health	428,388	495,361	495,361	66,973
County environment and education	636,173	664,839	741,446	105,273
Roads and transportation	2,573,188	2,599,800	3,089,800	516,612
Governmental services to residents	188,194	215,781	215,781	27,587
Administration	565,872	619,930	621,930	56,058
Non-program	44,573	42,572	42,572	(2,001)
Debt service	393,157	287,869	298,469	(94,688)
Capital projects	1,009,109	1,351,221	1,360,221	351,112
Total disbursements	6,976,313	7,566,077	8,412,284	1,435,971
Excess (deficiency) of receipts over (under) disbursements	(145,729)	(1,395,729)	(1,387,329)	1,241,600
Other financing sources, net	1,006,701	1,200,000	1,200,000	(193,299)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	860,972	(195,729)	(187,329)	1,048,301
Balance beginning of year	1,759,319	1,605,316	1,605,316	154,003
Balance end of year	\$ 2,620,291	1,409,587	1,417,987	1,202,304

See accompanying independent auditor's report.

Adams County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 6,830,584	(311,118)	6,519,466
Expenditures	6,976,313	(21,203)	6,955,110
Net	(145,729)	(289,915)	(435,644)
Other financing sources, net	1,006,701	-	1,006,701
Beginning fund balances	1,759,319	180,721	1,940,040
Ending fund balances	\$ 2,620,291	(109,194)	2,511,097

See accompanying independent auditor's report.

Adams County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Capital Projects Fund and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$846,207. 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 and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the non-program and debt service functions. Also, the budget was not appropriated, by resolution, for the amounts deemed necessary for each of the different county offices and departments for the fiscal year.

Other Supplementary Information

Adams County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	Resource Enhancement and Protection	Special Law Enforcement	Law Enforcement Forfeiture
Assets				
Cash and pooled investments	\$ 6,195	31,029	166,519	13,586
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	-
Advance to other funds	-	-	20,705	-
Total assets	\$ 6,195	31,029	187,224	13,586
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	2,056	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	-	2,056	-	-
Fund equity:				
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved	6,195	28,973	187,224	13,586
Total fund equity	6,195	28,973	187,224	13,586
Total liabilities and fund equity	\$ 6,195	31,029	187,224	13,586

See accompanying independent auditor's report.

Special Revenue								
County Attorney Forfeiture	Conservation Land Acquisition	Decateg- orization	Drivers License Revenue	Urban Renewal	Capital Projects	Debt Service	Total	
1,418	18,151	21,790	61,295	210,887	-	1,035	531,905	
-	-	-	-	-	-	10	10	
-	-	-	-	45,000	-	57,000	102,000	
-	-	-	1,050	-	-	-	1,050	
-	-	-	-	-	-	-	20,705	
1,418	18,151	21,790	62,345	255,887	-	58,045	655,670	
-	-	-	-	-	-	-	2,056	
-	-	-	45	-	-	-	45	
-	-	-	-	45,000	-	57,000	102,000	
-	-	-	-	-	-	9	9	
-	-	-	45	45,000	-	57,009	104,110	
-	-	-	-	210,887	-	1,036	211,923	
1,418	18,151	21,790	62,300	-	-	-	339,637	
1,418	18,151	21,790	62,300	210,887	-	1,036	551,560	
1,418	18,151	21,790	62,345	255,887	-	58,045	655,670	

Adams County

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

Year ended June 30, 2009

	County Recorder's Records Management	Resource Enhancement and Protection	Special Law Enforcement	Law Enforcement Forfeiture
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	12,846	56,022	-
Charges for service	1,068	-	150	-
Use of money and property	97	379	-	-
Miscellaneous	-	-	-	-
Total revenues	1,165	13,225	56,172	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	61,791	-
Physical health and social services	-	-	-	-
County environment and education	-	2,056	-	-
Governmental services to residents	1	-	-	-
Debt service	-	-	-	-
Total expenditures	1	2,056	61,791	-
Excess (deficiency) of revenues over (under) expenditures	1,164	11,169	(5,619)	-
Other financing sources:				
Operating transfers in	-	-	18,500	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,164	11,169	12,881	-
Fund balances beginning of year	5,031	17,804	174,343	13,586
Fund balances end of year	\$ 6,195	28,973	187,224	13,586

See accompanying independent auditor's report.

Special Revenue							
County	Conservation		Drivers				
Attorney	Land	Decateg-	License	Urban	Capital	Debt	
Forfeiture	Acquisition	orization	Revenue	Renewal	Projects	Service	Total
-	-	-	-	339,266	-	58,879	398,145
-	51,260	880	-	-	-	3,508	124,516
-	-	-	13,804	-	-	-	15,022
-	-	-	-	-	-	-	476
-	-	150	-	-	-	-	150
-	51,260	1,030	13,804	339,266	-	62,387	538,309
-	-	-	-	-	-	-	61,791
-	-	290	-	-	-	-	290
-	76,044	-	-	-	-	-	78,100
-	-	-	2,130	-	-	-	2,131
-	-	-	-	128,379	115,221	61,988	305,588
-	76,044	290	2,130	128,379	115,221	61,988	447,900
-	(24,784)	740	11,674	210,887	(115,221)	399	90,409
-	5,000	-	-	-	-	-	23,500
-	(19,784)	740	11,674	210,887	(115,221)	399	113,909
1,418	37,935	21,050	50,626	-	115,221	637	437,651
1,418	18,151	21,790	62,300	210,887	-	1,036	551,560

Adams County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,788	171,659	62,887
Other County officials	7,736	-	-	-
Receivables:				
Property tax:				
Delinquent	-	12	30	593
Succeeding year	-	72,000	175,000	3,372,000
Accrued interest	-	-	-	-
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 7,736	73,800	346,689	3,435,480
Liabilities				
Accounts payable	\$ -	-	7	-
Due to other governments	5,087	73,800	345,580	3,435,480
Trusts payable	2,649	-	-	-
Compensated absences	-	-	1,102	-
Total liabilities	\$ 7,736	73,800	346,689	3,435,480

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
3,045	12,969	2,056	81,858	62,151	398,413
-	-	-	-	-	7,736
29	475	-	-	-	1,139
170,000	547,000	110,000	-	1,000	4,447,000
-	-	-	-	163	163
-	-	-	-	38	38
-	-	-	-	65,574	65,574
173,074	560,444	112,056	81,858	128,926	4,920,063
-	-	-	-	7,525	7,532
173,074	560,444	112,056	81,858	75,861	4,863,240
-	-	-	-	-	2,649
-	-	-	-	45,540	46,642
173,074	560,444	112,056	81,858	128,926	4,920,063

Adams County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 7,896	58,744	286,693	2,830,038
Additions:				
Property and other county tax	-	79,846	195,220	3,760,067
State tax credits	-	4,094	9,990	198,758
Office fees and collections	141,899	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	-	10,345	-
Total additions	141,899	83,940	215,555	3,958,825
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	142,059	68,884	155,559	3,353,383
Total deductions	142,059	68,884	155,559	3,353,383
Balances end of year	\$ 7,736	73,800	346,689	3,435,480

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Other	Total
136,695	550,124	85,677	79,995	175,269	4,211,131
189,096	535,712	125,192	-	755	4,885,888
9,666	56,525	5,607	-	48	284,688
-	-	-	-	-	141,899
-	-	-	1,088,638	-	1,088,638
-	-	-	-	5,070	5,070
-	-	-	-	49,574	49,574
-	-	-	-	681,640	691,985
198,762	592,237	130,799	1,088,638	737,087	7,147,742
-	-	-	46,359	-	46,359
162,383	581,917	104,420	1,040,416	783,430	6,392,451
162,383	581,917	104,420	1,086,775	783,430	6,438,810
173,074	560,444	112,056	81,858	128,926	4,920,063

Adams County

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

For the Last Nine Years

	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 2,971,346	2,281,904	2,062,165	2,053,657
Interest and penalty on property tax	16,566	15,775	14,384	17,280
Intergovernmental	3,073,040	3,091,894	3,191,112	2,612,916
Licenses and permits	7,276	7,180	10,908	8,660
Charges for service	278,870	253,996	219,145	191,979
Use of money and property	140,169	153,311	135,439	115,635
Miscellaneous	32,199	81,452	50,305	48,398
Total	\$ 6,519,466	5,885,512	5,683,458	5,048,525
Expenditures:				
Operating:				
Public safety and legal services	\$ 863,689	681,100	623,560	592,057
Physical health and social services	242,874	375,854	496,977	394,624
Mental health	493,423	443,164	460,376	398,081
County environment and education	606,455	662,943	3,495,776	494,101
Roads and transportation	2,577,439	2,697,078	2,297,659	2,411,389
Governmental services to residents	187,630	173,382	183,702	313,379
Administration	566,751	570,795	552,669	554,420
Non-program	21,918	20,809	16,748	19,117
Debt service	393,155	318,410	152,250	74,902
Capital projects	1,001,776	282,631	858,591	-
Total	\$ 6,955,110	6,226,166	9,138,308	5,252,070

See accompanying independent auditor's report.

Modified Accrual Basis				
2005	2004	2003	2002	2001
1,909,954	1,771,320	1,723,545	1,648,933	1,665,429
15,705	14,441	16,318	17,189	14,697
2,968,262	2,547,623	2,965,672	2,642,340	3,014,696
5,335	6,635	9,305	7,915	6,470
209,643	239,886	230,433	179,202	147,070
103,938	106,158	106,715	102,256	132,133
64,989	33,959	57,754	74,713	44,044
5,277,826	4,720,022	5,109,742	4,672,548	5,024,539
588,571	591,164	582,684	522,867	454,643
351,646	342,341	318,587	289,953	298,875
425,135	474,493	405,010	456,706	434,150
737,203	413,894	339,075	314,480	939,736
2,113,689	1,929,903	1,994,793	1,738,982	2,298,731
185,295	144,655	140,097	142,997	125,280
498,956	466,006	475,246	426,336	434,680
122,952	15,720	19,287	29,849	17,874
72,182	74,436	76,667	73,631	75,552
172,261	106,889	482,279	340,841	51,903
5,267,890	4,559,501	4,833,725	4,336,642	5,131,424

Adams 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 Adams County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Adams County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 25, 2010. 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 Adams 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 Adams County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Adams 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.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Adams 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, we do not believe any of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

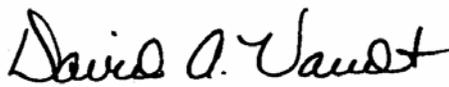
As part of obtaining reasonable assurance about whether Adams County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 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.

Adams County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Adams 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 Adams County and other parties to whom Adams County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 25, 2010

Adams County

Schedule of Findings

Year ended June 30, 2009

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

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

	<u>Applicable Offices</u>
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Recorder and County Sheriff
(2) Disbursements – check writing, check signing, posting, reconciling and final approval.	County Recorder

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

County Recorder – We use the maximum internal control possible with the limited number of personnel. I have the auditor reconcile the bank account monthly.

County Sheriff – We will attempt to segregate duties between the sheriff and the civil clerk as much as possible.

Conclusion – Response accepted.

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

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

Response – The County will adopt a policy and will make certain receipts are turned in before the bills are paid.

Conclusion – Response accepted.

Adams County

Schedule of Findings

Year ended June 30, 2009

- (C) Information Systems – The following weaknesses in the County’s computer based systems were noted:

The County does not have written policies for:

- password privacy and confidentiality.
- requiring password changes because software does not require the user to change log-ins/passwords periodically.

Recommendation – The County should develop written policies addressing the above items to improve the County’s control over computer based systems.

Response – The County will adopt a password policy.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

Adams County

Schedule of Findings

Year ended June 30, 2009

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the non-program and debt service functions at June 30, 2009.

Also, the budget was not appropriated, by resolution, for the amounts deemed necessary for each of the different county offices and departments for the fiscal year as required by Chapter 331.434(6) of the Code of Iowa.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Chapter 331.434(6) of the Code of Iowa requires the Board of Supervisors to appropriate, by resolution, amounts deemed necessary for each of the different county offices and departments for the fiscal year.

Response – The budget will be timely amended in the future and appropriations will be published by department instead of as a whole.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mark Olive, Board of Supervisors, Owner of The Print Shop	Conservation supplies	\$ 1,381

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with The Print Shop do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Adams County

Schedule of Findings

Year ended June 30, 2009

- (7) Deposits and Pooled Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

- (10) Local Option Sales Tax Revenue Bonds – The County has not established the sinking and reserve accounts required by the local option sales tax revenue bond indenture.

Also, the County has not paid the principal and interest from the sinking account and has not made transfers to the reserve and sinking accounts as stated in the bond resolution.

Recommendation – The County should establish the required accounts and make the necessary transfers as required by the bond resolution. County officials should review the revenue bond resolution and comply with the provisions of the resolution. The County should also periodically review the accounts to ensure the required transfers have been made.

Response – The County has created a sinking and a reserve account upon recommendation and has paid out of that account and will budget under those subaccounts in the future.

Conclusion – Response accepted.

Adams County

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Melissa M. Wellhausen, CPA, Senior Auditor
Lori M. Dinville, Staff Auditor
Brett M. Zeller, Staff Auditor
Michael F. Conroy, Assistant Auditor
Casey L. Johnson, Assistant Auditor
Sara L. Roling, Assistant Auditor


Andrew E. Nielsen, CPA
Deputy Auditor of State