



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE

March 2, 2010

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$47,860,083 for the year ended June 30, 2009, which included \$1,764,212 in tax credits from the state. The County forwarded \$36,740,870 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$11,119,213 of the local tax revenue to finance County operations, a 1.9 percent increase over the prior year. Other revenues included charges for service of \$1,787,358, operating grants, contributions and restricted interest of \$6,901,799, capital grants, contributions and restricted interest of \$1,988,577, local option sales tax of \$1,555,525, unrestricted investment earnings of \$226,230 and other general revenues of \$306,743.

Expenses for County operations totaled \$22,525,864, a less than one percent increase over the prior year. Expenses included \$5,792,349 for public safety and legal services, \$4,961,624 for roads and transportation and \$4,056,119 for mental health.

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>.

###



**DES MOINES COUNTY**

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

**JUNE 30, 2009**

Table of Contents

		Page
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		26-40
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		42-43
Budget to GAAP Reconciliation		44
Notes to Required Supplementary Information – Budgetary Reporting		45
Schedule of Funding Progress for the Retiree Health Plan		46
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	48-49
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	50-51
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	52-53
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	54-55
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	56-57
Schedule of Expenditures of Federal Awards	6	58-59
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>		61-62
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		65-66
Schedule of Findings and Questioned Costs		67-77
Staff		78

**Des Moines County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2009)</b>		
Robert Beck	Board of Supervisors	Jan 2009
Timothy E. Hoschek	Board of Supervisors	Jan 2009
Jeff M. Heland	Board of Supervisors	Jan 2011
Carol S. Copeland	County Auditor	Jan 2009
Brenda A. Buck	County Treasurer	Jan 2011
Kathryn S. Waterhouse	County Recorder	Jan 2011
Mike Johnstone	County Sheriff	Jan 2009
Patrick C. Jackson	County Attorney	Jan 2011
Michael Anderson	County Assessor	Jan 2010
<b>(After January 2009)</b>		
Jeff Heland	Board of Supervisors	Jan 2011
Robert Beck	Board of Supervisors	Jan 2013
Dan Cahill	Board of Supervisors	Jan 2013
Carol S. Copeland	County Auditor	Jan 2013
Brenda A. Buck	County Treasurer	Jan 2011
Kathryn S. Waterhouse	County Recorder	Jan 2011
Mike Johnstone	County Sheriff	Jan 2013
Patrick C. Jackson	County Attorney	Jan 2011
Michael Anderson	County Assessor	Jan 2010

**Des Moines 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 Des Moines County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Des Moines 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 Des Moines 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 Des Moines 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.

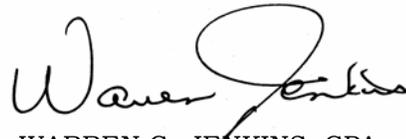
In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2010 on our consideration of Des Moines County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 42 through 46 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 Des Moines County's basic financial statements. The financial statements for the three years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 5, 2010

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Management of Des Moines County provides this Management's Discussion and Analysis of Des Moines County's financial statements. This narrative overview and analysis of the financial activities of Des Moines County 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.

During fiscal year 2009, beginning net assets for governmental assets were restated (increased \$161,854) to correct an error resulting from omitting a prior year road use tax receivable. To facilitate and enhance comparability in this discussion and analysis, fiscal year 2008 amounts have been restated to reflect the change as if it had been made in the prior year.

### 2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 9.1%, or approximately \$1,990,000, from fiscal 2008 to fiscal 2009. Property tax increased approximately \$223,000, operating grants, contributions and restricted interest increased approximately \$1,705,000 and capital grants, contributions and restricted interest increased approximately \$1,836,000.
- Program expenses of the County's governmental activities were 0.9%, or approximately \$197,000, more in fiscal 2009 than in fiscal 2008.
- The County's net assets increased 4.3%, or approximately \$1,360,000, 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 Des Moines 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 Des Moines 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 Des Moines County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **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 nonprogram 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 Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Des Moines County's combined net assets increased from approximately \$32.0 million to approximately \$33.4 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2009	2008 Restated
Current and other assets	\$ 22,639,352	20,897,442
Capital assets	28,929,725	27,628,413
Total assets	<u>51,569,077</u>	<u>48,525,855</u>
Long-term liabilities	4,516,883	3,916,746
Other liabilities	13,715,828	12,632,324
Total liabilities	<u>18,232,711</u>	<u>16,549,070</u>
Net assets:		
Invested in capital assets	28,535,325	27,628,413
Restricted	4,331,077	4,300,584
Unrestricted	<u>469,964</u>	<u>47,788</u>
Total net assets	<u>\$ 33,336,366</u>	<u>31,976,785</u>

Net assets of Des Moines County's governmental activities increased approximately \$1.4 million (\$32.0 million compared to \$33.4 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from \$47,788 at June 30, 2008 to \$469,964 at the end of this year. This increase of \$422,176 in unrestricted net assets was mainly a result of an increase in the General Fund balance.

Des Moines County's governmental activities net assets increased \$1,359,581 during the year. Revenues for governmental activities increased \$1,990,256 over the prior year, with property tax revenue increasing \$223,363, or 2.1%.

Changes in Net Assets of Governmental Activities		
	Year ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	\$ 1,787,358	1,916,409
Operating grants, contributions and restricted interest	6,901,799	5,197,237
Capital grants, contributions and restricted interest	1,988,577	152,977
General revenues:		
Property tax	10,675,217	10,451,854
Penalty and interest on property tax	48,364	133,502
State tax credits	443,996	456,474
Local option sales tax	1,555,525	1,715,659
Grants and contributions not restricted to specific purposes	-	200,890
Unrestricted investment earnings	226,230	495,243
Other general revenues	258,379	1,174,944
Total revenues	23,885,445	21,895,189
Program expenses:		
Public safety and legal services	5,792,349	6,166,577
Physical health and social services	2,277,723	2,778,200
Mental health	4,056,119	4,242,403
County environment and education	1,110,745	671,616
Roads and transportation	4,961,624	3,752,013
Governmental services to residents	932,216	847,879
Administration	3,261,871	3,514,263
Nonprogram		268,765
Interest on long term debt	133,217	87,362
Total expenses	22,525,864	22,329,078
Change in net assets	1,359,581	(433,889)
Net assets beginning of year, as restated	31,976,785	32,410,674
Net assets end of year	\$ 33,336,366	31,976,785

The County decreased countywide property tax rates for fiscal 2009 an average of 4.7%. The countywide taxable valuation increased 6.1% while the rural taxable valuation increased 9.1%. The combination increased the County's property tax revenue \$223,363 in fiscal 2009. Based on increases in the total assessed valuation and tax rates, property tax revenue is budgeted to increase an additional \$1,442,186 next year.

The cost of all governmental activities this year was approximately \$22.5 million, compared to approximately \$22.3 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$11.8 million because some of the cost was paid by those directly benefited from the programs (\$1,787,358) or by other governments and organizations which subsidized certain programs with grants and contributions (\$8,890,376). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for services, increased in fiscal 2009 from \$7,266,623 to \$10,677,734, principally due to FEMA revenues received during fiscal 2009. The County paid for the remaining "public benefit" portion of governmental activities with \$11,848,130 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Des Moines County completed the year, its governmental funds reported a combined fund balance of approximately \$8.7 million, an increase of \$687,678 over last year. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$643,797, or 5.2%, while expenditures decreased \$1,053,630, or 7.2%. The ending fund balance increased \$236,123 from the prior year to \$1,869,331. During the year ended June 30, 2009, the County issued \$995,000 of general obligation capital loan notes to help finance costs of improving and equipping County buildings and grounds, including projects at the Jail, Sheriff's building, Local Health, Residential Care and DHS, and acquisition of GIS equipment, voting machines and certain information technology.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$3,964,269, a decrease of 8.5% from the prior year. The Mental Health Fund balance increased \$87,157 from the prior year to \$1,130,378.
- The Rural Services Fund balance decreased \$141,927 from the prior year, primarily due to an increase in transfers out of \$111,401.
- Secondary Roads Fund revenues increased \$635,338, or 19.7%, over the prior year while expenditures increased \$279,452, or 6.4%, over the prior year. The increases are primarily due to FEMA revenues and expenditures. The Secondary Roads Fund balance increased \$725,828 over the prior year to \$2,737,529.
- Debt Service Fund revenues decreased \$210,601 from the prior year while expenditures increased \$54,902 over the prior year. Revenues decreased since the principal paid by the Des Moines County Regional Solid Waste Commission of \$265,000 reduced the loan receivable in FY09 but was reported in revenue in FY08. The Debt Service Fund balance decreased \$264,770 from the prior year due to the reduction in the loan receivable.
- There were no significant changes in revenues, expenditures and the fund balance of the Capital Projects Fund.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Des Moines County amended its budget two times. The amendments were made on December 9, 2008 and April 21, 2009 and increased receipts \$1,891,630 for grants and increased disbursements \$2,302,656, primarily for flood expenses.

The County's receipts were \$3,432,128 less than budgeted, a variance of 12.3%. The most significant variances were in intergovernmental and miscellaneous due to less FEMA receipts and conservation donations for the Big Hollow project than anticipated.

Total disbursements were \$5,921,208 less than the amended budget. Actual disbursements for the county environment and education, roads and transportation and capital projects functions were \$1,265,148, \$1,291,133 and \$1,611,670, respectively, less than budgeted. This was primarily due to less work completed on conservation and secondary road projects.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, Des Moines County had approximately \$28.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$1,301,312, or 4.7%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 4,498	4,498
Construction in progress	3,277	4,589
Buildings	4,578	4,811
Improvements other than buildings	129	159
Equipment and vehicles	2,553	2,515
Infrastructure	13,895	11,056
Total	\$ 28,930	27,628

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

Capital assets contributed by the Iowa Department of Transportation	\$ 651
Secondary road infrastructure projects	436
Big Hollow Creek Recreation Area project	1,127
Bike trail project	150
Two motorgraders	399
Total	\$ 2,763

The County had depreciation expense of \$1,831,439 in fiscal 2009 and total accumulated depreciation of \$24,942,615 at June 30, 2009. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

Des Moines County had \$3,925,000 in general obligation capital loan notes outstanding at June 30, 2009 compared to \$3,375,000 in the prior year.

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. Des Moines County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$105 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Des Moines County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 7.5 percent versus 5.6 percent a year ago. This compares with the State's unemployment rate of 6.2 percent and the national rate of 9.5 percent.

These indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are approximately \$27 million, a decrease of 11.4% from the final fiscal 2009 budget.

Budgeted revenues are expected to decrease approximately \$2.6 million while budgeted disbursements are expected to decrease approximately \$3.5 million.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1.8 million by the close of fiscal 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 Des Moines 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 Des Moines County Auditor's Office, 513 N. Main Street, Burlington, Iowa 52601.

**Des Moines County**

## **Basic Financial Statements**

**Exhibit A**

Des Moines County  
Statement of Net Assets  
June 30, 2009

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 7,038,573
Receivables:	
Property tax:	
Delinquent	24,375
Succeeding year	11,741,000
Interest and penalty on property tax	62,140
Accounts	146,977
Accrued interest	20,591
Loan	2,555,000
Due from other governments	935,203
Inventories	115,493
Capital assets (net of accumulated depreciation)	<u>28,929,725</u>
<b>Total assets</b>	<u>51,569,077</u>
<b>Liabilities</b>	
Accounts payable	669,918
Renters' deposits	1,250
Salaries and benefits payable	253,232
Accrued interest payable	11,317
Due to other governments	285,135
Deferred revenue:	
Succeeding year property tax	11,741,000
Other	753,976
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	535,000
Compensated absences	273,832
Portion due or payable after one year:	
General obligation capital loan notes	3,390,000
Compensated absences	301,157
Net OPEB liability	<u>16,894</u>
<b>Total liabilities</b>	<u>18,232,711</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	28,535,325
Restricted for:	
Supplemental levy purposes	462,014
Mental health purposes	1,120,805
Secondary roads purposes	2,613,804
Capital projects	19,490
Other purposes	114,964
Unrestricted	<u>469,964</u>
<b>Total net assets</b>	<u>\$ 33,336,366</u>

See notes to financial statements.

Des Moines 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	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 5,792,349	641,183	39,165	-	(5,112,001)
Physical health and social services	2,277,723	298,611	1,062,238	-	(916,874)
Mental health	4,056,119	54,506	2,247,749	-	(1,753,864)
County environment and education	1,110,745	14,918	311,653	1,337,197	553,023
Roads and transportation	4,961,624	16,561	3,033,041	651,380	(1,260,642)
Governmental services to residents	932,216	504,915	-	-	(427,301)
Administration	3,261,871	256,664	95,801	-	(2,909,406)
Interest on long term debt	133,217	-	112,152	-	(21,065)
<b>Total</b>	<b>\$ 22,525,864</b>	<b>1,787,358</b>	<b>6,901,799</b>	<b>1,988,577</b>	<b>(11,848,130)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					10,482,061
Debt service					193,156
Penalty and interest on property tax					48,364
State tax credits					443,996
Local option sales tax					1,555,525
Unrestricted investment earnings					226,230
Gain on sale of capital assets					77,042
Miscellaneous					181,337
<b>Total general revenues</b>					<b>13,207,711</b>
Change in net assets					1,359,581
Net assets beginning of year, as restated					31,976,785
Net assets end of year					<b>\$ 33,336,366</b>

See notes to financial statements.

Des Moines County

Balance Sheet  
Governmental Funds

June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 2,047,654	1,472,817	284,935	3,083,273
Receivables:				
Property tax:				
Delinquent	16,904	3,986	3,054	-
Succeeding year	8,277,000	1,675,000	1,502,000	-
Interest and penalty on property tax	62,140	-	-	-
Accounts	143,111	3,751	-	115
Accrued interest	20,582	-	-	-
Loan	-	-	-	-
Due from other governments	565,384	49,597	45,526	274,149
Inventories	-	-	-	115,493
<b>Total assets</b>	<b>\$ 11,132,775</b>	<b>3,205,151</b>	<b>1,835,515</b>	<b>3,473,030</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 356,706	158,682	8,538	142,797
Renters' deposits	-	-	-	-
Salaries and benefits payable	173,205	10,574	9,559	59,894
Due to other governments	55,698	226,531	-	1,769
Deferred revenue:				
Succeeding year property tax	8,277,000	1,675,000	1,502,000	-
Other	400,835	3,986	3,054	531,041
Total liabilities	9,263,444	2,074,773	1,523,151	735,501
Fund balances:				
Reserved for:				
Supplemental levy purposes	502,313	-	-	-
Cemetery levy	318	-	-	-
Capital and other projects	410,655	-	-	-
Long-term loan receivable	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	956,045	-	-	-
Special revenue funds	-	1,130,378	312,364	2,737,529
Capital projects fund	-	-	-	-
Total fund balances	1,869,331	1,130,378	312,364	2,737,529
<b>Total liabilities and fund balances</b>	<b>\$ 11,132,775</b>	<b>3,205,151</b>	<b>1,835,515</b>	<b>3,473,030</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
10,832	19,490	119,572	7,038,573
431	-	-	24,375
287,000	-	-	11,741,000
-	-	-	62,140
-	-	-	146,977
-	-	9	20,591
2,555,000	-	-	2,555,000
-	-	547	935,203
-	-	-	115,493
<b>2,853,263</b>	<b>19,490</b>	<b>120,128</b>	<b>22,639,352</b>

100	-	3,095	669,918
-	-	1,250	1,250
-	-	-	253,232
-	-	1,137	285,135
287,000	-	-	11,741,000
431	-	-	939,347
<b>287,531</b>	<b>-</b>	<b>5,482</b>	<b>13,889,882</b>

-	-	-	502,313
-	-	-	318
-	-	-	410,655
2,555,000	-	-	2,555,000
10,732	-	-	10,732
-	-	-	956,045
-	-	114,646	4,294,917
-	19,490	-	19,490
<b>2,565,732</b>	<b>19,490</b>	<b>114,646</b>	<b>8,749,470</b>
<b>2,853,263</b>	<b>19,490</b>	<b>120,128</b>	<b>22,639,352</b>

**Des Moines County**

Des Moines County

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

June 30, 2009

**Total governmental fund balances (page 19)** \$ 8,749,470

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$53,872,340 and the accumulated depreciation is \$24,942,615. 28,929,725

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 185,371

Long-term liabilities, including general obligation capital loan notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (4,528,200)

**Net assets of governmental activities (page 16)** \$ 33,336,366

See notes to financial statements.

Des Moines County

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

Year ended June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 7,334,033	1,677,297	1,498,400	-
Local option sales tax	466,658	-	311,105	777,762
Interest and penalty on property tax	139,080	-	-	-
Intergovernmental	3,305,792	2,319,623	66,416	3,039,392
Licenses and permits	42,566	-	-	7,235
Charges for service	828,657	-	3,196	54
Use of money and property	227,269	38	-	-
Miscellaneous	648,836	54,468	44	39,065
Total revenues	12,992,891	4,051,426	1,879,161	3,863,508
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	5,325,169	-	258,516	-
Physical health and social services	2,249,501	-	-	-
Mental health	-	3,964,269	-	-
County environment and education	939,971	-	353,634	-
Roads and transportation	-	-	22,638	4,289,876
Governmental services to residents	917,300	-	-	-
Administration	3,067,480	-	47,740	-
Debt service	-	-	-	-
Capital projects	1,077,753	-	-	337,142
Total expenditures	13,577,174	3,964,269	682,528	4,627,018
Excess (deficiency) of revenues over (under) expenditures	(584,283)	87,157	1,196,633	(763,510)
<b>Other financing sources (uses):</b>				
Sale of capital assets	1,860	-	-	-
Operating transfers in	-	-	-	1,489,338
Operating transfers out	(178,313)	-	(1,338,560)	-
General obligation capital loan notes issued	995,000	-	-	-
Premium on general obligation capital loan notes	1,859	-	-	-
Total other financing sources (uses)	820,406	-	(1,338,560)	1,489,338
Net change in fund balances	236,123	87,157	(141,927)	725,828
Fund balances beginning of year, as restated	1,633,208	1,043,221	454,291	2,011,701
Fund balances end of year	\$ 1,869,331	1,130,378	312,364	2,737,529

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
193,633	-	-	10,703,363
-	-	-	1,555,525
-	-	-	139,080
119,860	-	27,346	8,878,429
-	-	-	49,801
-	-	7,643	839,550
-	-	19,656	246,963
-	19,491	9,867	771,771
313,493	19,491	64,512	23,184,482
-	-	3,972	5,587,657
-	-	-	2,249,501
-	-	-	3,964,269
-	-	-	1,293,605
-	-	-	4,312,514
-	-	14,575	931,875
-	-	17,147	3,132,367
578,263	-	-	578,263
-	30,577	-	1,445,472
578,263	30,577	35,694	23,495,523
(264,770)	(11,086)	28,818	(311,041)
-	-	-	1,860
-	27,535	-	1,516,873
-	-	-	(1,516,873)
-	-	-	995,000
-	-	-	1,859
-	27,535	-	998,719
(264,770)	16,449	28,818	687,678
2,830,502	3,041	85,828	8,061,792
2,565,732	19,490	114,646	8,749,470

Des Moines 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)** \$ 687,678

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

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

Expenditures for capital assets	\$ 2,406,189	
Capital assets contributed by the Iowa Department of Transportation	651,380	
Depreciation expense	<u>(1,831,439)</u>	1,226,130

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

75,182

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

Property tax	\$ (28,146)	
Other	<u>8,140</u>	(20,006)

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

Issued	(995,000)	
Repaid	<u>445,000</u>	(550,000)

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

Compensated absences	(33,243)	
Other postemployment benefits	(16,894)	
Interest on long-term debt	<u>(9,266)</u>	<u>(59,403)</u>

**Change in net assets of governmental activities (page 17)** \$ 1,359,581

See notes to financial statements.

Des Moines County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2009

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 2,790,131
Other County officials	154,510
Drainage and levy district trustees	1,306,191
Receivables:	
Property tax:	
Delinquent	76,922
Succeeding year	35,626,000
Accounts	23,799
Assessments:	
Current	66,343
Future	333,223
Accrued interest	20
Due from other governments	33,970
<b>Total assets</b>	<b>40,411,109</b>

**Liabilities**

Accounts payable	58,900
Salaries and benefits payable	11,148
Due to other governments	40,078,768
Trusts payable	139,892
Compensated absences	122,401
<b>Total liabilities</b>	<b>40,411,109</b>

<b>Net Assets</b>	<b>\$ -</b>
-------------------	-------------

See notes to financial statements.

Des Moines County

Notes to Financial Statements

June 30, 2009

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

Des Moines 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, Des Moines 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: Des Moines County Assessor's Conference Board, Des Moines County Emergency Management Commission and Des Moines County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Des Moines County/City of Burlington Health Care Plan (Plan). The Plan was developed as the result of a 28E agreement between Des Moines County and the City of Burlington.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following 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 the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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.

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

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	5,000
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	20 - 50
Improvements other than buildings	20 - 50
Infrastructure	10 - 65
Equipment	3 - 20
Vehicles	5 - 15

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is paid at 50% upon retirement if the retiree meets IPERS requirements. 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, Mental Health, Rural Services 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 Statement of Net Assets.

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

**(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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2009, the Drainage District Trustees had the following investments:

Type	Fair Value	Maturity (in years)			
		1-5	6-10	11-20	over 20
U.S. Treasury Bonds	\$ 132,326	-	-	132,326	-
U.S. Treasury Notes	227,786	122,911	104,975	-	-
FNMA	474,325	199,434	127,854	11,740	135,297
Total	\$ 834,437	322,345	232,829	144,066	135,297

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$99,884 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Credit risk. The FNMA investments at June 30, 2009 are rated Aaa by Moody's Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer. More than 5% percent of the Drainage District Trustee's investments are in the Federal National Mortgage Association. The Drainage District Trustee's investment in the Federal National Mortgage Association is 56.8% of the Drainage District Trustee's total investments.

**(3) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 150,778
	Special Revenue:	
	Rural Services	1,338,560
Capital Projects	General	<u>27,535</u>
Total		<u>\$ 1,516,873</u>

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

**(4) Capital Assets**

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

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,498,316	-	-	4,498,316
Construction in progress	1,900,108	1,318,624	-	3,218,732
Construction in progress, road network	2,688,812	1,087,269	3,717,610	58,471
Total capital assets not being depreciated	<u>9,087,236</u>	<u>2,405,893</u>	<u>3,717,610</u>	<u>7,775,519</u>
Capital assets being depreciated:				
Buildings	7,099,425	-	-	7,099,425
Improvements other than buildings	1,289,437	7,745	14,600	1,282,582
Equipment and vehicles	7,622,628	745,338	287,449	8,080,517
Infrastructure, road network	25,596,721	3,717,610	-	29,314,331
Infrastructure, other	319,966	-	-	319,966
Total capital assets being depreciated	<u>41,928,177</u>	<u>4,470,693</u>	<u>302,049</u>	<u>46,096,821</u>
Less accumulated depreciation for:				
Buildings	2,288,301	233,349	-	2,521,650
Improvements other than buildings	1,130,321	32,009	8,760	1,153,570
Equipment and vehicles	5,107,470	687,650	267,064	5,528,056
Infrastructure, road network	14,835,311	872,032	-	15,707,343
Infrastructure, other	25,597	6,399	-	31,996
Total accumulated depreciation	<u>23,387,000</u>	<u>1,831,439</u>	<u>275,824</u>	<u>24,942,615</u>
Total capital assets being depreciated, net	<u>18,541,177</u>	<u>2,639,254</u>	<u>26,225</u>	<u>21,154,206</u>
Governmental activities capital assets, net	<u>\$ 27,628,413</u>	<u>5,045,147</u>	<u>3,743,835</u>	<u>28,929,725</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 231,951
Physical health and social services		26,130
Mental health		123,252
County environment and education		52,804
Roads and transportation		1,299,177
Governmental services to residents		341
Administration		97,784
		<u>97,784</u>
Total depreciation expense - governmental activities		<u>\$ 1,831,439</u>

**(5) 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>\$ 55,698</u>
Special Revenue:		
Mental Health	Services	226,531
Secondary Roads	Services	1,769
County Recorder's Records		
Management	Services	1,013
Transitional Apartments	Services	124
		<u>229,437</u>
		<u>229,437</u>
Total for governmental funds		<u>\$ 285,135</u>
Agency:		
County Assessor	Collections	\$ 1,510,981
Schools		19,263,052
Community Colleges		1,233,479
Corporations		14,742,816
Auto License and Use Tax		746,024
Drainage and Levy Districts		1,719,600
All other		862,816
		<u>862,816</u>
Total for agency funds		<u>\$ 40,078,768</u>

**(6) 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	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 3,375,000	541,746	-	3,916,746
Increases	995,000	451,305	16,894	1,463,199
Decreases	445,000	418,062	-	863,062
Balance end of year	\$ 3,925,000	574,989	16,894	4,516,883
Due within one year	\$ 535,000	273,832	-	808,832

Capital Loan Notes

A summary of the County's June 30, 2009 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	General Obligation Capital Loan Notes					
	Series 2006			Series 2007		
	Issued June 1, 2006			Issued October 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	3.65%	\$ 185,000	14,158	3.80%	\$ 280,000	101,815
2011	3.70	190,000	7,220	3.85	290,000	91,175
2012	-	-	-	3.90	300,000	80,010
2013	-	-	-	3.95	310,000	68,310
2014	-	-	-	4.00	325,000	56,065
2015-2017	-	-	-	4.05-4.15	1,050,000	87,710
Total		\$ 375,000	21,378		\$ 2,555,000	485,085

Year Ending June 30,	General Obligation Capital Loan Notes					
	Series 2009			Total		
	Issued June 15, 2009			Principal	Interest	Total
	Interest Rates	Principal	Interest			
2010	2.50%	\$ 70,000	27,992	\$ 535,000	143,965	678,965
2011	2.50	75,000	27,375	555,000	125,770	680,770
2012	3.00	275,000	25,500	575,000	105,510	680,510
2013	3.00	285,000	17,250	595,000	85,560	680,560
2014	3.00	290,000	8,700	615,000	64,765	679,765
2015-2017	-	-	-	1,050,000	87,710	1,137,710
Total		\$ 995,000	106,817	\$ 3,925,000	613,280	4,538,280

During the year ended June 30, 2009, the County issued \$995,000 of general obligation capital loan notes and retired \$445,000 of notes.

The Des Moines County Regional Solid Waste Commission has agreed to pay the County for the principal and interest on the Series 2007 capital loan notes as they become due. The County reports a loan receivable in the Debt Service Fund equal to the principal outstanding on the general obligation capital loan notes.

**(7) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.10% 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 \$508,158, \$474,576 and \$450,812, respectively, equal to the required contributions for each year.

**(8) Other Postemployment Benefits (OPEB)**

Des Moines County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 146 active and 10 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by Employee Benefits Systems. The dental benefit is administered by Deltal Dental of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 39,248
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	39,248
Contributions made	<u>(22,354)</u>
Increase in net OPEB obligation	16,894
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 16,894</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$22,354 to the medical plan. Plan members eligible for benefits contributed \$79,202, or 78%, of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 39,248	57%	\$ 16,894

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$395,572, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$395,572. The covered payroll of active employees covered by the plan was approximately \$7.5 million and the ratio of the UAAL to covered payroll was 5.3%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 3% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Termination rates used in the actuarial valuation are based upon national termination studies performed by the Society of Actuaries. They were adjusted to reflect the recent lower termination rates experienced by Des Moines County. Retirement rates used in the actuarial valuation were developed based upon recent Des Moines County experience.

Projected claim costs of the medical plan are \$627 per month for retirees less than age 65. The UAAL is amortized as a level dollar amount over 30 years.

## **(9) Risk Management**

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2009 were \$251,741.

The Pool 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 by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 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 casualty 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 casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty 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) Employee Health Insurance Plan**

The County, in conjunction with the City of Burlington, the Southeast Iowa Regional Airport Authority (SIRAA) and other organizations, entered into an agreement as authorized in Chapter 28E of the Code of Iowa for health insurance which is funded through employer and employee contributions. The County, the City, SIRRA and the other participating organizations are contingently liable with respect to medical claims made by the participants in the plan. The plan is partially self insured. Claims based on occurrences prior to July 1, 1983 remain insured under previous insurance policies. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The unaudited cash balance of the Des Moines County/City of Burlington Health Care Plan was \$337,296 at June 30, 2009. The plan had unaudited claims expense, after reinsurance reimbursement, of \$5,779,291 for the plan year ended June 30, 2009. The plan had an unaudited reserve for incurred but unpaid claims of \$110,136 at June 30, 2009.

**(11) Pending Litigation**

The County is facing a potential lawsuit for which the probability and amount of loss, if any, is undeterminable.

**(12) Industrial Development Revenue Bonds**

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

**(13) Restatements**

The beginning balances for the Special Revenue, Secondary Roads Fund and Governmental Activities Net Assets have been restated to include a road use tax receivable not previously reported. The restatement increased the beginning balances as follows:

	<u>Secondary Roads Fund</u>	<u>Governmental Activites Net Assets</u>
Balance June 30, 2008, as previously reported	\$ 1,849,847	\$ 31,814,931
Road use tax receivable not previously reported	161,854	161,854
Balance July 1, 2008, as restated	<u>\$ 2,011,701</u>	<u>\$ 31,976,785</u>

The beginning fund balance for the Debt Service Fund has been restated to include a loan receivable from the Des Moines County Regional Solid Waste Commission previously reported in Governmental Activities Net Assets but not in the fund balance of the Debt Service Fund. The restatement increased the beginning fund balance as follows:

	<u>Debt Service Fund</u>
Fund balance June 30, 2008, as previously reported	\$ 10,502
Loan receivable not previously reported	2,820,000
Fund balance July 1, 2008, as restated	<u>\$ 2,830,502</u>

The beginning balance for the Agency, Drainage and Levee District Fund has been restated to include cash and investments held by District Trustees not previously reported. The restatement increased the beginning balance as follows:

	<u>Drainage and Levee District Fund</u>
Balance June 30, 2008, as previously reported	\$ 51,215
Cash and investments held by trustee districts not previously reported	1,348,874
Balance July 1, 2008, as restated	<u>\$ 1,400,089</u>

**Required Supplementary Information**

---

Des Moines 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

	<u>Actual</u>
Receipts:	
Property and other county tax	\$ 12,254,171
Interest and penalty on property tax	140,294
Intergovernmental	9,981,320
Licenses and permits	49,004
Charges for service	923,531
Use of money and property	274,951
Miscellaneous	793,814
Total receipts	<u>24,417,085</u>
Disbursements:	
Public safety and legal services	5,580,605
Physical health and social services	2,502,957
Mental health	4,351,295
County environment and education	1,258,345
Roads and transportation	4,668,698
Governmental services to residents	916,919
Administration	3,140,262
Debt service	578,163
Capital projects	1,625,392
Total disbursements	<u>24,622,636</u>
Excess (deficiency) of receipts over (under) disbursements	(205,551)
Other financing sources, net	<u>998,881</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	793,330
Balance beginning of year	<u>6,245,243</u>
Balance end of year	<u>\$ 7,038,573</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
12,086,770	12,086,770	167,401
144,800	144,800	(4,506)
10,164,655	12,056,285	(2,074,965)
45,100	45,100	3,904
927,130	927,130	(3,599)
643,263	643,263	(368,312)
1,945,865	1,945,865	(1,152,051)
25,957,583	27,849,213	(3,432,128)
6,424,588	6,454,588	873,983
2,782,663	2,869,286	366,329
4,597,874	4,597,874	246,579
2,423,493	2,523,493	1,265,148
4,083,494	5,959,831	1,291,133
1,016,827	1,016,827	99,908
3,271,051	3,306,320	166,058
578,563	578,563	400
3,062,635	3,237,062	1,611,670
28,241,188	30,543,844	5,921,208
(2,283,605)	(2,694,631)	2,489,080
1,250,000	1,250,000	(251,119)
(1,033,605)	(1,444,631)	2,237,961
5,949,169	5,949,169	296,074
4,915,564	4,504,538	2,534,035

---

Des Moines 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	\$ 24,417,085	(1,232,603)	23,184,482
Expenditures	24,622,636	(1,127,113)	23,495,523
Net	(205,551)	(105,490)	(311,041)
Other financing sources, net	998,881	(162)	998,719
Beginning fund balances, as restated	6,245,243	1,816,549	8,061,792
Ending fund balances	\$ 7,038,573	1,710,897	8,749,470

See accompanying independent auditor's report.

Des Moines 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 or fund type. 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, nonprogram, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,302,656. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

Des Moines County

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

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Jul 1, 2008	-	\$ 396	396	0.00%	\$ 7,500	5.3%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

Des Moines County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	Resource Enhance- ment and Protection	Special Transitional Apartments
<b>Assets</b>			
Cash and pooled investments	\$ 13,497	64,653	11,988
Accrued interest receivable	3	6	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 13,500</b>	<b>64,659</b>	<b>11,988</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 2,919	-	176
Due to other governments	1,013	-	124
Renters' deposits	-	-	1,250
Total liabilities	3,932	-	1,550
Fund equity:			
Unreserved fund balances	9,568	64,659	10,438
<b>Total liabilities and fund equity</b>	<b>\$ 13,500</b>	<b>64,659</b>	<b>11,988</b>

See accompanying independent auditor's report.

Revenue				
Attorney Collection Incentive	Special Duty Reserve Unit	Conservation Reserve		Total
11,756	3,315	14,363		119,572
-	-	-		9
547	-	-		547
12,303	3,315	14,363		120,128
-	-	-		3,095
-	-	-		1,137
-	-	-		1,250
-	-	-		5,482
12,303	3,315	14,363		114,646
12,303	3,315	14,363		120,128

Des Moines 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 Enhance- ment and Protection	Special Transitional Apartments
Revenues:			
Intergovernmental	\$ -	27,346	-
Charges for service	7,643	-	-
Use of money and property	183	589	18,884
Miscellaneous	-	-	-
Total revenues	7,826	27,935	18,884
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Governmental services to residents	14,575	-	-
Administration	-	-	17,147
Total expenditures	14,575	-	17,147
Excess (deficiency) of revenues over (under) expenditures	(6,749)	27,935	1,737
Fund balances beginning of year	16,317	36,724	8,701
Fund balances end of year	\$ 9,568	64,659	10,438

See accompanying independent auditor's report.

Revenue			
Attorney Collection Incentive	Special Duty Reserve Unit	Conservation Reserve	Total
-	-	-	27,346
-	-	-	7,643
-	-	-	19,656
6,790	3,077	-	9,867
6,790	3,077	-	64,512
2,324	1,648	-	3,972
-	-	-	14,575
-	-	-	17,147
2,324	1,648	-	35,694
4,466	1,429	-	28,818
7,837	1,886	14,363	85,828
12,303	3,315	14,363	114,646

Des Moines County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	3,020	1,119,144	265,840
Other County officials	154,510	-	-	-
Drainage and levy district trustees	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	494	1,209	44,212
Succeeding year	-	221,000	523,000	18,953,000
Accounts	-	-	-	-
Assessments:				
Current	-	-	-	-
Future	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 154,510</b>	<b>224,514</b>	<b>1,643,353</b>	<b>19,263,052</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	8,900	-
Salaries and benefits payable	-	-	8,339	-
Due to other governments	14,618	224,514	1,510,981	19,263,052
Trusts payable	139,892	-	-	-
Compensated absences	-	-	115,133	-
<b>Total liabilities</b>	<b>\$ 154,510</b>	<b>224,514</b>	<b>1,643,353</b>	<b>19,263,052</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage and Levee Districts	Other	Total
16,803	257,029	2,278	5,074	746,024	186,389	188,530	2,790,131
-	-	-	-	-	-	-	154,510
-	-	-	-	-	1,306,191	-	1,306,191
2,676	27,787	534	-	-	-	10	76,922
1,214,000	14,458,000	249,000	-	-	-	8,000	35,626,000
-	-	-	-	-	-	23,799	23,799
-	-	-	61,640	-	4,703	-	66,343
-	-	-	91,752	-	241,471	-	333,223
-	-	-	-	-	-	20	20
-	-	-	-	-	2,768	31,202	33,970
1,233,479	14,742,816	251,812	158,466	746,024	1,741,522	251,561	40,411,109
-	-	-	-	-	21,922	28,078	58,900
-	-	-	-	-	-	2,809	11,148
1,233,479	14,742,816	251,812	158,466	746,024	1,719,600	213,406	40,078,768
-	-	-	-	-	-	-	139,892
-	-	-	-	-	-	7,268	122,401
1,233,479	14,742,816	251,812	158,466	746,024	1,741,522	251,561	40,411,109

Des Moines 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
<b>Assets and Liabilities</b>				
Balances beginning of year, as restated	\$ 200,074	210,574	1,582,334	18,697,427
Additions:				
Property and other county tax	-	222,303	525,542	19,068,405
E911 surcharge	-	-	-	-
State tax credits	-	8,906	21,805	775,842
Office fees and collections	604,331	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,170,652	-	-	-
Miscellaneous	-	-	732	16,512
Total additions	1,774,983	231,209	548,079	19,860,759
Deductions:				
Agency remittances:				
To other funds	443,467	-	-	-
To other governments	228,462	217,269	487,060	19,295,134
Trusts paid out	1,148,618	-	-	-
Total deductions	1,820,547	217,269	487,060	19,295,134
Balances end of year	\$ 154,510	224,514	1,643,353	19,263,052

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Drainage and Levee Districts	Other	Total
1,163,474	14,023,136	241,684	107,024	683,930	1,400,089	186,002	38,495,748
1,218,634	14,120,309	261,460	-	-	-	4,001	35,420,654
-	-	-	-	-	-	154,734	154,734
48,151	455,432	9,908	-	-	-	172	1,320,216
-	-	-	-	-	-	-	604,331
-	-	-	-	8,043,505	-	-	8,043,505
-	-	-	95,940	-	749,019	-	844,959
-	-	-	-	-	-	885,360	2,056,012
-	-	-	-	-	4,495,683	258,508	4,771,435
1,266,785	14,575,741	271,368	95,940	8,043,505	5,244,702	1,302,775	53,215,846
-	-	-	-	267,631	-	-	711,098
1,196,780	13,856,061	261,240	44,498	7,713,780	4,903,269	232,647	48,436,200
-	-	-	-	-	-	1,004,569	2,153,187
1,196,780	13,856,061	261,240	44,498	7,981,411	4,903,269	1,237,216	51,300,485
1,233,479	14,742,816	251,812	158,466	746,024	1,741,522	251,561	40,411,109

Des Moines County

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

For the Last Nine Years

	2009	2008	2007
<b>Revenues:</b>			
Property and other county tax	\$ 10,703,363	10,449,339	10,336,903
Local option sales tax	1,555,525	1,715,660	1,628,126
Interest and penalty on property tax	139,080	155,192	146,154
Intergovernmental	8,878,429	7,437,076	8,985,811
Licenses and permits	49,801	46,595	46,448
Charges for service	839,550	889,796	878,146
Use of money and property	246,963	562,031	727,814
Fines, forfeitures and defaults	-	-	-
Miscellaneous	771,771	555,803	526,168
<b>Total</b>	<b>\$ 23,184,482</b>	<b>21,811,492</b>	<b>23,275,570</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 5,587,657	6,132,958	5,119,567
Physical health and social services	2,249,501	2,722,094	2,193,961
Mental health	3,964,269	4,331,182	3,692,161
County environment and education	1,293,605	1,505,475	1,714,377
Roads and transportation	4,312,514	4,212,851	3,026,353
Governmental services to residents	931,875	867,939	702,324
Administration	3,132,367	3,360,284	4,335,439
Debt service	578,263	523,361	198,327
Capital projects	1,445,472	1,273,863	1,820,955
<b>Total</b>	<b>\$ 23,495,523</b>	<b>24,930,007</b>	<b>22,803,464</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2006	2005	2004	2003	2002	2001
10,769,297	10,642,839	9,198,165	9,125,951	8,645,729	8,232,601
1,342,717	1,363,326	1,365,240	1,325,959	1,374,052	1,346,248
130,631	115,554	182,952	138,048	155,753	114,588
8,508,380	8,913,042	7,763,991	8,602,070	7,187,135	7,172,472
42,840	43,784	43,085	45,752	53,179	50,965
972,357	827,429	892,684	894,786	810,172	739,354
527,215	235,286	144,012	274,253	333,748	647,901
-	-	-	-	42,151	63,318
598,159	370,840	422,175	183,765	401,953	261,354
<u>22,891,596</u>	<u>22,512,100</u>	<u>20,012,304</u>	<u>20,590,584</u>	<u>19,003,872</u>	<u>18,628,801</u>
4,705,552	4,681,993	4,584,761	4,223,090	4,058,761	3,998,964
2,067,305	2,161,440	2,137,665	1,766,379	1,290,461	1,465,037
3,629,867	3,200,582	3,334,802	3,786,227	3,801,057	3,856,755
1,015,426	975,386	852,565	903,868	1,146,965	1,164,678
4,334,384	3,339,170	3,235,696	3,903,168	3,326,754	4,306,066
909,301	682,478	597,698	639,331	561,856	686,634
4,678,468	3,621,634	3,587,116	4,212,616	3,239,655	3,292,463
140,324	16,871	-	-	-	-
1,074,528	2,948,601	1,379,729	1,778,899	685,809	248,819
<u>22,555,155</u>	<u>21,628,155</u>	<u>19,710,032</u>	<u>21,213,578</u>	<u>18,111,318</u>	<u>19,019,416</u>

**Schedule 6**

## Des Moines County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		\$ 726
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		30,892
U.S. Department of Interior:			
Iowa Department of Natural Resources:			
Outdoor Recreation - Acquisition, Development and Planning	15.916	19-01220	126,996
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance Division:			
Crime Victim Assistance	16.575	VA-09-07	13,473
U. S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	DDIR JVA-29-001	12,400
Highway Planning and Construction	20.205	DDIR JVA-29-002	291,321
			303,721
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		28,844
Refugee and Entrant Assistance - State Administered Programs	93.566		66
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,220
Foster Care - Title IV-E	93.658		18,309
Adoption Assistance	93.659		4,283
State Children's Insurance Program	93.767		252
Medical Assistance Program	93.778		38,600
Social Services Block Grant	93.667		18,908
Social Services Block Grant	93.667		209,689
			228,597

Des Moines County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U. S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5888BT05	60,708
Public Health Emergency Preparedness	93.069	5889BT05	441,853
Public Health Emergency Preparedness	93.069	5888BT11	106,623
			<u>609,184</u>
Immunization Grants	93.268	5888I425	18,003
National Bioterrorism Hospital Preparedness Program	93.889	5888BT11	12,217
HIV Prevention Activities - Health Department Based	93.940	5889AP06	3,145
Preventative Health and Health Services Block Grant	93.991	5889AP06	3,145
			<u>3,145</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
State Domestic Preparedness Equipment			
Support Program	97.004		5,106
Disaster Grants Public Assistance			
(Presidentially Declared Disasters)	97.036	FEMA 1763 DRIA	581,421
Emergency Management Performance Grants	97.042		54,660
			<u>54,660</u>
Total indirect			<u>2,089,134</u>
Total			<u>\$ 2,089,860</u>

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

See accompanying independent auditor's report.

**Des Moines 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 Des Moines County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Des Moines 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 February 5, 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 Des Moines 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 Des Moines County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Des Moines County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Des Moines 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 Des Moines County's financial statements that is more than inconsequential will not be prevented or detected by Des Moines County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 and II-B-09 are material weaknesses.

#### Compliance and Other Matters

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

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

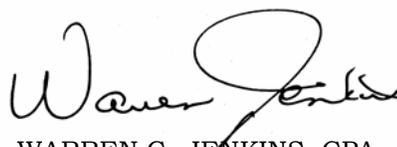
Des Moines County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Des Moines County's responses and, accordingly, we express no opinion on them.

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 5, 2010

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

**Des Moines 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 Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Des Moines County:

Compliance

We have audited the compliance of Des Moines County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Des Moines County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Des Moines County's management. Our responsibility is to express an opinion on Des Moines County's compliance based on our audit.

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

In our opinion, Des Moines County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weakness as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance we consider to be significant deficiencies and a deficiency we consider to be a material weakness.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-09 and III-B-09 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. Of the significant deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs, we consider item III-B-09 to be a material weakness.

Des Moines County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Des Moines 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 Des Moines County and other parties to whom Des Moines County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 5, 2010

Des Moines County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over a major program were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follow:
  - CFDA Number 20.205 – Highway Planning and Construction.
  - CFDA Number 93.667 – Social Services Block Grant
  - CFDA Number 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines County did not qualify as a low-risk auditee.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

II-A-09 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) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. Listings of cash and checks received are not prepared and forwarded with the documents to accounting personnel for processing. The listing of cash and checks received are not compared to the cash receipt records by an independent person.	Drainage Districts, Agricultural Extension and Public Health
(2) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Conservation, Agricultural Extension and Drainage Districts
(3) Checks are not signed by an individual who does not otherwise participate in the preparation of the checks.	Sheriff (civil) and Drainage Districts
(4) Bank accounts are not reconciled by an individual who does not sign checks, handle or record cash. Independent reviews are not evidenced by the reviewer's initials or signature and date of review.	Agricultural Extension, Drainage Districts and Sheriff (jail and civil)

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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 officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses –

Public Health – Administrator opens mail. She will now list and verify checks.

Agricultural Extension – Only one person is in the office. Will have Treasurer start signing bank reconciliation to show review.

Drainage District – In a typical office situation with numerous employees, segregation of duties and procedures are divided up among various employees according to job descriptions. However, Two Rivers Levee and Drainage Association has one employee, the Administrator. This position covers a multitude of responsibilities over 1 levee district and 3 drainage districts, including the Two Rivers office functions. These responsibilities are overseen by individual boards with elected Trustees. During their monthly meetings, receipts, deposits and expenditures are included for review by the board members. Each invoice and/or statement from vendors is initialed, representing approval, by the board members. As was communicated to the State Auditor, this practice has been done since the development of the districts in the early 1900's and continues today.

Conservation – The Director will continue to review the operating procedures for this office with the limited staffing available.

Sheriff – At a minimum we are going to have Sgt. Parker do a random audit on the bank accounts and checks each month. In addition Sgt. Parker will oversee and review the checks being signed on a random basis.

Conclusion – Responses accepted.

II-B-09 Financial Reporting – During the audit, we identified material amounts of receivables, inventory and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

Response – The County shall review procedures to increase accuracy and will not release the information to the auditors until data has been verified.

Conclusion – Response accepted.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- II-C-09 Sheriff Law Enforcement Contracts – The County does not maintain adequate records for contract law enforcement billings, collections, and outstanding collections.

Recommendation – The County should maintain subsidiary records of billings and collections on law enforcement contracts to ensure all payments owed the County are received.

Response – The Sheriff's Office is currently reviewing the revenue statements each and every month which documents the monthly payments from each contracted City. This review is also being done on a random basis by the County Budget Director.

Conclusion – Response acknowledged. A ledger documenting the dates and amounts billed and collected should be maintained.

- II-D-09 Public Health Nurse – Reconciliations of nursing service billings and collections were not prepared each month.

Recommendation – A reconciliation of nursing service billings and collections should be prepared monthly.

Response – The office manager received a spreadsheet which will be used for tracking this information for the Health Services department.

Conclusion – Response accepted.

- II-E-09 Vehicle and Cell Phone Policy - The County owns vehicles and cell phones for use by various employees while on County business. The County has not established formal policies to regulate the use of these vehicles and cell phones.

Recommendation - The County should adopt a formal written policy regulating the use of County vehicles and cell phones. The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required, restricted uses, reimbursement by employees for personal use and additional compensation for employees.

Response – The Board of Supervisors will discuss this recommendation with the department heads and elected officials to determine if there is any abuse or if there is a need for such policies.

Conclusion – Response acknowledged. A policy should be established to provide guidelines to employees.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-F-09 Drainage District Credit Cards – Adequate supporting documentation was not available to support certain charges. Also, we noted \$78 of finance charges for late payment on two claims we tested.

Recommendation – The Board should ensure claims are sufficiently itemized and proper documentation accompanies all claims before they are paid. In addition, all claims should be processed timely to ensure finance charges are not incurred.

Response – The lack of adequate supporting documentation relating to specific credit card charges and the finance charges on two claims were explained to the questioning auditors. Again, this occurred during the actual “heat” of the 2008 flood. Purchases that lacked documentation were fuel purchases from TriOak in Oakville when the fuel pumps did not have paper in the machines to produce receipts. TriOak’s records were lost in the flood.

Bills from May and June were paid late. Most vendors forgave the late fees and understood the delay.

Conclusion – Response accepted.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

**CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
Pass-through Agency Number: FEMA 1763 DR IA  
U.S. Department of Homeland Security  
Passed through the Iowa Department of Public Defense – Iowa Homeland Security and Emergency Management Division**

III-A-09 Expenditure Records – The Conservation Department did not properly track labor costs for all FEMA projects. The County is required to certify the actual costs of the FEMA projects.

Recommendation – The County should implement procedures to ensure records are maintained to track all FEMA expenditures as required.

Response and Corrective Action Planned – The process of properly tracking labor costs is being accomplished at this time. Most work was done on a contract basis therefore, in a majority of the instances, FEMA invoices are 100% accurate in their cost for each project worksheet.

Conclusion – Response accepted.

III-B-09 Scope of Work on Small Projects – In accordance with FEMA guidelines, the final payment of the federal share of small projects was made to the County upon approval of the project worksheet. The amount awarded for small projects based on the PW generally will not change except under unusual circumstances, such as failure to complete the work, an unexpected insurance recovery or an obvious error in calculation.

The federal share received by the County's Secondary Roads Department on twenty-eight small project worksheets (PWs) of \$836,463 exceeded the total federal expenditures by \$631,034. Based on the significant cost under-runs on these PWs, it appears the County did not complete the scope of work outlined in the PWs. The County represented the cost under-runs were primarily due to less materials (rock) necessary to complete the project than were estimated.

Recommendation – The County should contact the Iowa Homeland Security and Emergency Management Division to determine the appropriate resolution of this matter, including the necessity to repay excess federal funds received by the County.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Response and Corrective Action Planned – Des Moines County Secondary Roads has, and will continue to, comply with all FEMA rules and regulations. Also, as we have since the disaster of 2008, we will continue to work closely with and communicate with the Iowa Homeland Security and Emergency Management Division.

Conclusion – Response accepted.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.

IV-B-09 Questionable Expenditures - Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Ivy Bake Shoppe	Meal for Conservation volunteers	\$ 468
Kohls	Clothing for attorney	184
Mac's Sporting Goods	Plaque for Emergency Management Commission Member	75
JC Penney	Clothing for plain clothed detective	190

In addition, we noted employees of certain County departments were provided annual clothing allowances for professional dress attire. The County does not have a written policy for clothing allowances.

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation - The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation of the public purpose served.

Response – The Board of Supervisors will meet with department heads and elected officials regarding this issue and work out a plan to prevent this in the future.

Conclusion – Response accepted.

IV-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 Business Transactions – No business transactions between the County and County officials or employees were noted.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of bond coverage should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Certain minutes of the meetings of the County Board of Supervisors were not signed.

Recommendation – The County should ensure minutes are signed to authenticate the record as required.

Response – The County will try to obtain signatures on all board minutes in the future.

Conclusion – Response accepted.

IV-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-09 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).

IV-I-09 Deficit Drainage and Levee District Cash Balances – Levee district #16 had a deficit cash balance of \$245,732 at June 30, 2009. Other large deficits existed in the drainage district funds during the year ended June 30, 2009. The districts are controlled by separate Board of Trustees rather than the Board of Supervisors. The deficits were a result of the County no longer using a warrant system so warrants could not be stamped when the drainage and levee district's cash balances were depleted. In addition, the drainage and levee districts did not obtain loans timely to cover the deficits in the funds.

Recommendation – The County should ensure deficits do not exist in funds. The County should work with each Board of Trustees to develop procedures to be followed when drainage and levee districts' cash balances become insufficient.

Response – The County is now using the warrant system for drainage and levee district claims. We verify each fund has a sufficient balance to cover the amount of the claims to be paid, before warrants are issued. If deficits would be created by payment of a claim, the County will either stamp the warrant or the Trustees will furnish necessary information to have the "insufficient" warrants clear through a bank account established with a line-of-credit for the drainage or levee district.

Conclusion – Response accepted.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

IV-J-09 Drainage/Levee District Checking Accounts and Investments – The Board of Trustee controlled drainage and levee districts opened separate checking accounts during the year ended June 30, 2009. The accounts were opened in May 2009 after the County’s refusal to pay drainage and levee district claims due to large deficit balances existing in the funds. The drainage and levee districts deposited FEMA receipts, certificates of deposit and bank loan proceeds in the checking accounts to pay drainage and levee district expenses.

In addition, the trustee drainage and levee districts have separate investments, including certificates of deposit and government securities, which are not held by the County Treasurer.

Chapter 468.527 states “All costs and expenses necessary to discharge the duties by this subchapter conferred upon trustees shall be levied and collected as provided by law and such levy shall be upon certificate by the trustees to the board of supervisors of the amount necessary for such levy.”

Chapter 468.528 states “Drainage and levee taxes when so levied and collected shall be kept by the treasurer of the county in a separate fund to the credit of the district for which it is collected...”

Since the County Treasurer is required to act as the custodian of trustee district funds, the checking accounts and investments separately maintained by the trustee districts do not appear to comply with the Code of Iowa. Adjustments were subsequently made by the County to properly record the activity and balances of the separately maintained accounts and investments in the County’s financial statements.

Recommendation – All drainage and levee district receipts and disbursements should be run through the County funds as prescribed in the Code of Iowa. The trustee districts should close the checking accounts and remit the funds to the County Treasurer. The investments in certificates of deposit and government securities should be held by the County Treasurer and invested as directed by the Board of Trustees.

Response – As stated in the report, these checking accounts were opened due to the Des Moines County Auditor refusing to process our certificates for payment. Communication with the County’s Finance Director prior to May 5th was on a daily or every other day basis. Many discussions were held regarding the indebtedness and we were advised they realized the process with FEMA was delayed. We were assured there was no problem.

On May 5th we were advised, without warning, our certificates would not be processed. In placing phone calls to two of the Des Moines County Supervisors, Mr. Beck and Mr. Heland, we were advised they had no knowledge of the Auditor’s action. We needed operating funds, thus giving us no choice but to open other accounts.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

These accounts were closed, accordingly, as FEMA monies were received and before the completion of this audits investigating procedures. The investment comments are being taken under advisement.

Conclusion – Response acknowledged. The investments separately maintained by the Board of Trustees should be remitted to the County Treasurer as required by the Code of Iowa.

IV-K-09 Board of Trustee Minutes – The Board of Trustees did not furnish the County Auditor with a report of their acts and proceedings for publication within a reasonable time as required by Chapter 468.530 of the Code of Iowa.

Recommendation – The Board of Trustees should provide the minutes to the County Auditor as required.

Response – The copies of the drainage and levee district minutes to the Auditor's office were up to date before the investigative procedures began.

Conclusion – Response acknowledged. Minutes of all meetings should furnished to the County Auditor timely as required.

IV-L-09 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 exceeded the amount budgeted.

Recommendation – The budget should have been amended in sufficient amount in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – This year the budget was exceeded due to buying a building. Normally the budget would be amended if disbursements were going to exceed the budget.

Conclusion – Response accepted.

---

Des Moines County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
Shelley M. Klingbeil, Staff Auditor  
Brett C. Conner, Staff Auditor  
Jennifer M. Kopp, Assistant Auditor  
Nicole R. Williams, Assistant Auditor

  
Andrew E. Nielsen, CPA  
Deputy Auditor of State