



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

March 22, 2010

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Iowa County Treasurers Egovernment Alliance (the Alliance).

The Alliance had total receipts of \$135,737 for the year ended June 30, 2009, a 61.7 percent decrease from 2008. Receipts included interest on investments of \$96,017 and revenue sharing receipts of \$39,720.

Disbursements for the year totaled \$204,962, a 65.7 percent decrease from the prior year, and included \$80,000 in distributions to participating counties, \$75,400 for website networking and \$11,862 in attorney fees.

The decrease in receipts is due to significantly lower interest rates and a decrease in revenue sharing as a result of a new agreement with a website provider. The significant decrease in disbursements is due to a decrease in distributions to participating counties during the year ended June 30, 2009 and lower contractual development costs for the new website portal.

A copy of the audit report is available for review on the Iowa State County Treasurers Association website at www.iowatreasurers.org, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

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IOWA COUNTY TREASURERS EGOVERNMENT ALLIANCE

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENT AND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2009

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Iowa County Treasurers Egovernment Alliance

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|------------------------------|---------------------|---------------------|
| (Before January 2009) | | |
| Pam Sprague | President | January 2009 |
| Darrell Bauman | Vice President | January 2009 |
| Lori Hesse | Secretary/Treasurer | January 2009 |
| Wayne Walter | Member | January 2009 |
| Eric Stierman | Past President | January 2009 |

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------------------|---------------------|---------------------|
| (After January 2009) | | |
| Darrell Bauman | President | July 2009 |
| Lori Hesse | Vice President | July 2009 |
| Doug Bishop | Secretary/Treasurer | July 2009 |
| Wayne Walter | Member | July 2009 |
| Pam Sprague | Past President | July 2009 |

Iowa County Treasurers Egovernment Alliance



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Independent Auditor's Report

To the Members of the Iowa County
Treasurers Egovernment Alliance:

We have audited the accompanying financial statement of the Iowa County Treasurers Egovernment Alliance (Alliance) as of and for the year ended June 30, 2009. This financial statement is the responsibility of the Alliance's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Iowa County Treasurers Egovernment Alliance as of June 30, 2009, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2010 on our consideration of the Iowa County Treasurers Egovernment Alliance'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 on pages 6 through 8 is not a required part of the financial statement, but is 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.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Iowa County Treasurers Egovernment Alliance (Alliance) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Alliance is for the year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Alliance's financial statement, which follows.

- Receipts of the Alliance decreased 61.7%, or approximately \$218,000, from fiscal year 2008 to fiscal year 2009. Declining interest rates and a new revenue share formula accounted for the decrease in receipts.
- Disbursements of the Alliance decreased 65.7%, or approximately \$392,000, in fiscal year 2009 from fiscal year 2008. As a result of a decline in interest, the Alliance made one allocation to participating counties in fiscal year 2009, as opposed to two allocations during fiscal year 2008. In addition, the Alliance incurred approximately \$75,000 in website development cost during fiscal year 2009 versus approximately \$253,000 in fiscal year 2008.
- The Alliance's cash basis net assets decreased 81.5%, or approximately \$69,000 from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

The Alliance has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the Alliance's cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Alliance's cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the Iowa County Treasurers Egovernment Alliance's financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Alliance's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Alliance's receipts and disbursements and whether the Alliance's cash basis financial position has improved or deteriorated as a result of the year's activities.
- The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

FINANCIAL ANALYSIS OF THE ALLIANCE

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets

The purpose of the statement is to present the receipts received by the Alliance and the disbursements paid by the Alliance. The statement also presents a fiscal snapshot of the Alliance's cash balance at year end. Over time, readers of the financial statement are able to determine the Alliance's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

The Alliance earns interest on the temporary investment of the online property tax and motor vehicle renewal payments made through a special website. Eighty-eight counties participate in the Alliance. The Alliance also shares in revenue generated through online payments. The Alliance receives a percentage of the service delivery fee collected by the internet provider for certain internet payment transactions. The Alliance pays claims related to the internet account, distributions to participating counties, internet portal development costs, attorney fees, professional services fees for treasury management for balancing the internet clearing account daily and publication and meeting expenses. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2009 and 2008 is presented below:

| | Year ended June 30, | |
|--|---------------------|----------------|
| | 2009 | 2008 |
| Operating receipts: | | |
| Interest on investments | \$ 96,017 | 308,913 |
| Revenue sharing | 39,720 | 45,068 |
| Total operating receipts | <u>135,737</u> | <u>353,981</u> |
| Operating disbursements: | | |
| Distribution to participating counties | 80,000 | 260,000 |
| Website networking | 75,400 | 252,835 |
| Attorney fees | 11,862 | 35,225 |
| Professional services fees for treasury management | 31,977 | 33,800 |
| Other professional services | 3,010 | 7,308 |
| Insurance | 2,250 | 1,500 |
| Publications and meeting expense | 241 | 203 |
| Miscellaneous | 222 | 6,366 |
| Total operating disbursements | <u>204,962</u> | <u>597,237</u> |
| Change in cash basis net assets | (69,225) | (243,256) |
| Cash basis net assets beginning of year | <u>84,985</u> | <u>328,241</u> |
| Cash basis net assets end of year | <u>\$ 15,760</u> | <u>84,985</u> |
| Cash Basis Net Assets | | |
| Unrestricted | <u>\$ 15,760</u> | <u>84,985</u> |

Receipts consisted of interest on investments and shared revenue. Disbursements totaled \$204,962 and included \$80,000 distributed to participating counties and \$75,400 in website development costs.

DEBT ADMINISTRATION

At June 30, 2009, the Alliance had no long-term debt outstanding.

ECONOMIC FACTORS

The Iowa County Treasurers Egovernment Alliance's financial position decreased during the current fiscal year due to a deficiency of receipts under disbursements. Interest on investments declined as a result of a significant decrease in interest rates. For fiscal year 2010, the Alliance has budgeted for receipts and disbursements of approximately \$62,000 and \$45,000, respectively.

Other than the anticipated costs of enhancements and improvements to the system, the Alliance anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Alliance's ability to react to unknown issues.

CONTACTING THE ALLIANCE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Alliance's finances and to show the Alliance's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori Hesse, President of the Iowa County Treasurers Egovernment Alliance, 110 Allamakee Street, Waukon, Iowa 52172.

Financial Statement

Iowa County Treasurers Egovernment Alliance

Iowa County Treasurers Egovernment Alliance
 Statement of Cash Receipts, Disbursements and
 Changes in Cash Basis Net Assets

As of and for the year ended June 30, 2009

| | |
|--|------------------|
| Operating receipts: | |
| Interest on investments | \$ 96,017 |
| Revenue sharing | 39,720 |
| Total operating receipts | <u>135,737</u> |
| Operating disbursements: | |
| Distribution to participating counties | 80,000 |
| Website networking | 75,400 |
| Attorney fees | 11,862 |
| Professional services fees for treasury management | 31,977 |
| Other professional services | 3,010 |
| Insurance | 2,250 |
| Publications and meeting expense | 241 |
| Miscellaneous | 222 |
| Total operating disbursements | <u>204,962</u> |
| Change in cash basis net assets | (69,225) |
| Cash basis net assets beginning of year | <u>84,985</u> |
| Cash basis net assets end of year | <u>\$ 15,760</u> |
| Cash Basis Net Assets | |
| Unrestricted | <u>\$ 15,760</u> |

See notes to financial statement.

Iowa County Treasurers Egovernment Alliance

Notes to Financial Statement

June 30, 2009

(1) Summary of Significant Accounting Policies

The Iowa County Treasurers Egovernment Alliance (Alliance) was formed in 2006 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Alliance is to provide joint ownership of the internet clearing account and provide for a self-sustaining website by using service delivery fee receipts generated from the online payments of property tax and motor vehicle renewal fees and interest on investments to pay the costs associated with operation of the internet payment system.

The governing body of the Alliance is composed of the Executive Board of the Iowa State County Treasurers Association. Alliance members are composed of other counties who are participants in the agreement.

A. Reporting Entity

For financial reporting purposes, the Iowa County Treasurers Egovernment Alliance has included all funds, organizations, agencies, boards, commissions and authorities. The Alliance 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 Alliance are such that exclusion would cause the Alliance's financial statement 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 Alliance 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 Alliance. The Alliance has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Alliance are organized as an Enterprise Fund. Enterprise Funds are utilized to report any activity for which a fee is charged to external users for goods or services.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Iowa County Treasurers Egovernment Alliance maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Alliance is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Alliance in accordance with U.S. generally accepted accounting principles.

(2) Cash and Investments

The Alliance'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 Alliance 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 Alliance; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

(3) Risk Management

The Iowa County Treasurers Egovernment Alliance is exposed to various risks of loss related to theft, and errors and omissions. These risks are covered by the purchase of commercial insurance. The Alliance assumes liability for any claims in excess of coverage limitation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(4) Treasury Management Contract

The Alliance has entered into a contract with Miles Capital Inc. for audit services of the internet clearing bank account. According to the terms of the contract, Miles Capital Inc. reconciles the internet activity to the bank activity on a daily basis, performs testing of service delivery fee calculations and provides monthly reports of the results of such reconciliations and testing. Miles Capital Inc. was paid professional services fees of \$31,977 for the year ended June 30, 2009.

Iowa County Treasurers Egovernment Alliance



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

To the Members of the Iowa County Treasurers Egovernment Alliance:

We have audited the accompanying financial statement of the Iowa County Treasurers Egovernment Alliance (Alliance) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 5, 2010. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. 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 the Iowa County Treasurers Egovernment Alliance's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the Iowa County Treasurers Egovernment Alliance's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iowa County Treasurers Egovernment Alliance's internal control over financial reporting.

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 the Iowa County Treasurers Egovernment Alliance's ability to initiate, authorize, record, process or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the Alliance's financial statement that is more than inconsequential will not be prevented or detected by the Iowa County Treasurers Egovernment Alliance's internal control.

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 statement will not be prevented or detected by the Iowa County Treasurers Egovernment Alliance'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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iowa County Treasurers Egovernment Alliance's financial statement is 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.

Comments involving statutory and other legal matters about the Alliance's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Alliance. 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.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Iowa County Treasurers Egovernment Alliance and other parties to whom the Alliance may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa County Treasurers Egovernment Alliance 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

March 5, 2010

Iowa County Treasurers Egovernment Alliance

Schedule of Findings

Year ended June 30, 2009

Findings Related to the Financial Statement:

SIGNIFICANT DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Iowa County Treasurers Egovernment Alliance

Schedule of Findings

Year ended June 30, 2009

Other Findings Related to Required Statutory Reporting:

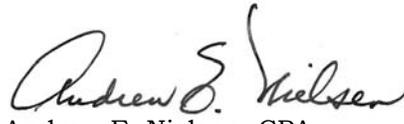
- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Alliance money for travel expenses of spouses of Alliance officials or employees were noted.
- (3) Alliance Minutes – No transactions were found that we believe should have been approved in the minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Alliance’s investment policy were noted.

Iowa County Treasurers Egovernment Alliance

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Steven O. Fuqua, CPA, Senior Auditor II

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

Andrew E. Nielsen, CPA
Deputy Auditor of State