



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 29, 2010

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

The County had local tax revenue of \$22,369,171 for the year ended June 30, 2009, which included \$746,728 in tax credits from the state. The County forwarded \$18,010,239 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,358,932 of the local tax revenue to finance County operations, a 6.6 percent increase over the prior year. Other revenues included charges for service of \$1,345,241, operating grants, contributions and restricted interest of \$4,454,390, capital grants, contributions and restricted interest of \$75,100, local option sales tax of \$550,144, unrestricted investment earnings of \$77,472 and other general revenues of \$138,820.

Expenses for County operations totaled \$10,809,864, a 1.4 percent increase over the prior year. Expenses included \$4,802,603 for roads and transportation, \$2,126,457 for public safety and legal services and \$1,138,136 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>.

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**MADISON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2009**

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**Madison County**

**Officials**

**(Before January 2009)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Weeks	Board of Supervisors	Jan 2009
Joan Acela	Board of Supervisors	Jan 2011
Steve Raymond	Board of Supervisors	Jan 2011
Joan Welch	County Auditor	Jan 2009
G. Joann Collins	County Treasurer	Jan 2011
Lisa Smith	County Recorder	Jan 2011
Paul Welch	County Sheriff	Jan 2009
Julie A. Forsyth	County Attorney	Jan 2011
Jo Ann Walser	County Assessor	Jan 2010

**(After January 2009)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joan Acela	Board of Supervisors	Jan 2011
Steve Raymond	Board of Supervisors	Jan 2011
Robert Weeks	Board of Supervisors	Jan 2013
Joan Welch	County Auditor	Jan 2013
G. Joann Collins	County Treasurer	Jan 2011
Lisa Smith	County Recorder	Jan 2011
Craig Busch	County Sheriff	Jan 2013
Julie A. Forsyth	County Attorney	Jan 2011
Jo Ann Walser	County Assessor	Jan 2010

**Madison County**



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Independent Auditor's Report

To the Officials of Madison County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Madison 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 Madison 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 Madison County at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2010 on our consideration of Madison County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, 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

March 16, 2010

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

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

### **2009 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased less than one percent, or approximately \$27,000, from fiscal year 2008 to fiscal year 2009. Property tax increased approximately \$276,000, charges for service increased approximately \$336,000, operating grants, contributions and restricted interest increased approximately \$25,000 and capital grants, contributions and restricted interest decreased approximately \$427,000.
- The County's governmental activities program expenses increased 1.4%, or approximately \$151,000, from fiscal year 2008 to fiscal year 2009. The increase is primarily due to roads and transportation expenses, which increased approximately \$186,000 due to increased road maintenance costs and FEMA expenditures related to the flood of 2008.
- The County's net assets increased 1.1%, or approximately \$190,000, 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 Madison 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 Madison 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 Madison County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Internal Service and 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 non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

2) Proprietary funds account for the County's Internal Service, Employee Group Health, Unemployment Insurance, Fuel and Supplies Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for auto license and use tax, 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. Madison County's net assets at the end of fiscal year 2009 totaled approximately \$17.1 million. This compares to fiscal year 2008 at approximately \$16.9 million. The analysis that follows focuses on the net assets for our governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2009	2008
Current and other assets	\$ 9,996	9,359
Capital assets	13,265	13,607
Total assets	<u>23,261</u>	<u>22,966</u>
Long-term liabilities	725	893
Other liabilities	5,479	5,206
Total liabilities	<u>6,204</u>	<u>6,099</u>
Net assets:		
Invested in capital assets, net of related debt	13,100	13,400
Restricted	2,057	1,852
Unrestricted	1,900	1,615
Total net assets	<u>\$ 17,057</u>	<u>16,867</u>

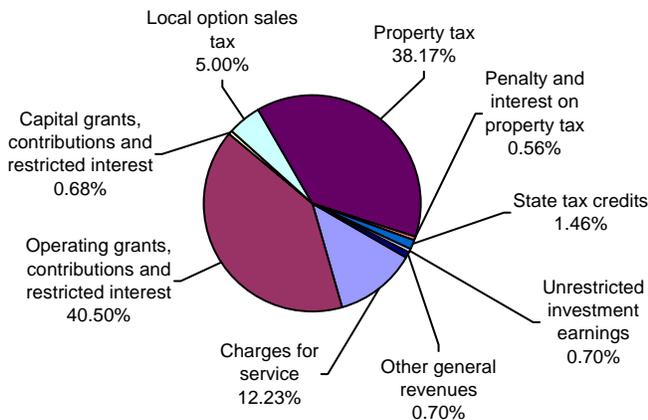
Net assets of Madison County's governmental activities increased approximately \$190,000, or 1.1%. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets increased from approximately \$1,852,000 at June 30, 2008 to approximately \$2,057,000 at the end of this year, an increase of 11%. This increase was primarily due to an increase in the amount held for mental health purposes at year end. The increase was offset by a decrease in amounts restricted for other purposes, primarily due to a decrease in the amount held in the Local Option Sales Tax Fund.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased from approximately \$1,615,000 at June 30, 2008 to approximately \$1,900,000 at the end of this year, an increase of 18%. This increase is primarily due to an increase in amounts held in the Internal Service Funds at year end.

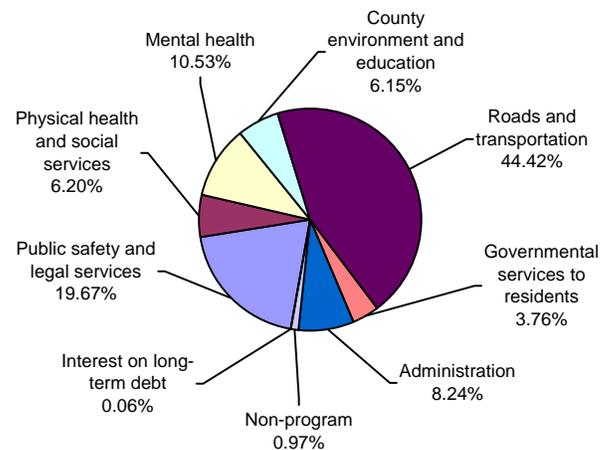
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2009	2008
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,345	1,009
Operating grants, contributions and restricted interest	4,454	4,429
Capital grants, contributions and restricted interest	75	502
<b>General revenues:</b>		
Property tax	4,199	3,923
Penalty and interest on property tax	62	58
State tax credits	161	166
Local option sales tax	550	591
Unrestricted investment earnings	77	207
Gain on disposition of capital assets	-	66
Other general revenues	77	76
<b>Total revenues</b>	<b>11,000</b>	<b>11,027</b>
<b>Program expenses:</b>		
Public safety and legal services	2,126	2,087
Physical health and social services	670	695
Mental health	1,138	1,289
County environment and education	665	694
Roads and transportation	4,803	4,617
Governmental services to residents	406	395
Administration	891	767
Non-program	105	105
Interest on long-term debt	6	10
<b>Total expenses</b>	<b>10,810</b>	<b>10,659</b>
<b>Increase in net assets</b>	<b>190</b>	<b>368</b>
<b>Net assets beginning of year</b>	<b>16,867</b>	<b>16,499</b>
<b>Net assets end of year</b>	<b>\$ 17,057</b>	<b>16,867</b>

**Revenues by Source**



**Expenses by Program**



The countywide property tax levy rate decreased 5.8%, or \$.33710 per \$1,000 of taxable valuation, for fiscal year 2009. The rural levy rate decreased \$.05487 per \$1,000 of taxable valuation, or 2.3%. These levy decreases were offset by an increase in the overall valuation of approximately \$53.7 million, or 9.7%, resulting in an increase in total property tax levied between fiscal 2009 and fiscal 2008 of \$275,146.

The cost of all governmental activities this year was approximately \$10.8 million compared to approximately \$10.7 million last year. As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$4.9 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,345,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,529,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in fiscal year 2009 from approximately \$5,940,000 to approximately \$5,874,000. The County's overall governmental activities costs increased in fiscal year 2009 from approximately \$10,659,000 to approximately \$10,803,000, or 1.4%. This increase is primarily due to increased road maintenance costs, the spring 2008 floods and replacement of the courthouse boiler.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Madison County completed the year, its governmental funds reported a combined fund balance of approximately \$3.6 million, an increase of approximately \$299,000 over last year's total of approximately \$3.3 million. The 9% increase in fund balance is primarily attributable to the following:

- General Fund revenues increased approximately \$45,000, or 1.1%, over the prior year. The increase in revenues is primarily due to an increase in property tax revenues. This increase was offset by a decrease in interest revenues caused by decreased interest rates on IPAIT investments. Expenditures increased approximately \$70,000, or 1.6%, over the prior year. This increase is primarily due to increased public safety costs. The ending fund balance decreased \$98,224 from the prior year, from \$1,513,869 to \$1,415,645.
- The County has continued to look for ways to effectively manage the cost of mental health services. Current year revenues increased approximately \$4,000, or .3%, over the prior year while current year expenditures decreased approximately \$151,000, or 11.7%, from the prior year. The Mental Health Fund balance at year end increased from \$109,104 at June 30, 2008 to \$523,705 at June 30, 2009, a \$414,601 increase.
- Rural Services Fund revenues increased approximately \$77,000, or 5.4%. Expenditures increased approximately \$21,000 when compared to the prior year while transfers out to the Secondary Roads Fund increased approximately \$53,000. These changes resulted in the ending fund balance decreasing \$41,791, or 13.4%, from the prior year to \$270,144.
- Secondary Roads Fund revenues increased approximately \$283,000, or 8.9%, due principally to FEMA reimbursements. Secondary Roads Fund expenditures decreased approximately \$800,000, or 16%, from fiscal 2008. The decrease was primarily due to the completion of three BROS projects in the prior year and continued costs from the 2008 flood which impeded the County from starting new projects. The ending fund balance increased 36%, or \$321,250, over the prior year to an ending balance of \$1,208,479.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Madison County amended its budget two times. The first amendment was made in October 2008, primarily to increase the budget for the roads and transportation and capital projects functions for bridge repair and flood damage. The second amendment was made in April 2009, primarily to increase the roads and transportation budget due to additional anticipated costs associated with bridge repairs.

The County's receipts were \$1,231,103 less than budgeted. The most significant variance resulted from the County receiving fewer than anticipated grants.

Total disbursements were \$2,222,502 less than the amended budget. This was primarily due to the County spending \$1,122,036 less than budgeted for capital projects, \$282,324 less than budgeted for roads and transportation, \$278,186 less for mental health and \$200,224 less for physical health and social services.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2009, Madison County had approximately \$13.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$342,000, or 2.5%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 608	608
Construction in progress	-	522
Buildings and improvements	1,699	1,774
Equipment and vehicles	2,439	2,359
Infrastructure	8,519	8,344
Total	\$ 13,265	13,607

The County had depreciation expense of \$850,261 in fiscal year 2009 and total accumulated depreciation of \$5,961,558 at June 30, 2009.

The County's fiscal year 2009 capital budget was principally for completion of the boiler replacement project. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## Long-Term Debt

At June 30, 2009, Madison County had approximately \$226,000 in capital loan notes and capital lease purchase agreement obligations outstanding, compared to approximately \$328,000 at June 30, 2008, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Capital loan notes	\$ 159	230
Capital lease purchase agreements	67	98
Total	\$ 226	328

The Constitution of the State of Iowa limits the amount of debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Madison County's outstanding debt is significantly below its constitutional debt limit of approximately \$54.5 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

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

Madison County's elected officials consider many factors when setting the fiscal year 2010 budget. Tax rates and fees for various County services are only part of what has to be considered. Another factor is the economy. Interest rates are down and recording document fees are down because building sales are down. The Governor's 10% across the board cut in State revenues to counties will have a significant impact on the County's budget, although the exact impact is still not clear. Union contract wages have been set through June 30, 2012. All of which make budgeting a challenge. The Supervisors have increased ambulance fees, installed two new energy efficient boilers for the Courthouse, encouraged use of new scanning equipment to improve document storage and have implemented "on demand" document storage for more efficient document retrieval and storage. Efficient county government is a priority.

The Madison County Supervisors are always looking for ways to streamline county government to run more efficiently. Areas being looked at are increasing user fees to offset property tax. The Board has hired a firm to better bill and collect ambulance fees.

In fiscal year 2010, the Board of Supervisors again decreased the countywide levy \$.05/\$1,000 of taxable valuation, but had to increase the rural levy rate \$.41/\$1,000 of taxable valuation due to rural road conditions and the decrease in the Secondary Roads Fund balance over the past years. Madison County has been very fortunate to have good fund balances the last several years. This will hopefully help carry Madison County through the current economic downturn.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Madison 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 Madison County Auditor's Office, 112 North John Wayne Drive, Winterset, Iowa 50273-1534.

**Madison County**

## **Basic Financial Statements**

**Exhibit A**

Madison County  
Statement of Net Assets  
June 30, 2009

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 4,234,029
Receivables:	
Property tax:	
Delinquent	12,979
Succeeding year	4,505,000
Interest and penalty on property tax	8,101
Accounts (net of \$74,994 allowance for uncollectable ambulance accounts)	470,843
Accrued interest	12,419
Loans	40,000
Due from other governments	501,503
Inventories	211,162
Capital assets (net of accumulated depreciation)	<u>13,265,076</u>
<b>Total assets</b>	<u>23,261,112</u>
<b>Liabilities</b>	
Accounts payable	398,133
Accrued interest payable	2,964
Salaries and benefits payable	122,265
Due to other governments	219,318
Deferred revenue:	
Succeeding year property tax	4,505,000
Other	231,205
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	20,442
Capital loan notes	72,853
Compensated absences	306,374
Portion due or payable after one year:	
Capital lease purchase agreements	46,253
Capital loan notes	86,064
Compensated absences	<u>193,114</u>
<b>Total liabilities</b>	<u>6,203,985</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	13,100,438
Restricted for:	
Supplemental levy purposes	305,060
Mental health purposes	565,454
Secondary roads purposes	992,935
Debt service	23,522
Other purposes	169,711
Unrestricted	<u>1,900,007</u>
<b>Total net assets</b>	<u>\$ 17,057,127</u>

See notes to financial statements.

Madison 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	\$ 2,126,457	673,723	42,894	-	(1,409,840)
Physical health and social services	669,792	50,155	287,945	-	(331,692)
Mental health	1,138,136	2,028	1,015,494	-	(120,614)
County environment and education	664,618	97,535	89,126	-	(477,957)
Roads and transportation	4,802,603	100,166	3,017,203	75,100	(1,610,134)
Governmental services to residents	406,441	282,366	177	-	(123,898)
Administration	890,938	24,786	1,551	-	(864,601)
Non-program	104,742	114,482	-	-	9,740
Interest on long-term debt	6,137	-	-	-	(6,137)
<b>Total</b>	<b>\$ 10,809,864</b>	<b>1,345,241</b>	<b>4,454,390</b>	<b>75,100</b>	<b>(4,935,133)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					4,137,179
Debt service					61,330
Penalty and interest on property tax					61,768
State tax credits					160,423
Local option sales tax					550,144
Unrestricted investment earnings					77,472
Miscellaneous					77,052
<b>Total general revenues</b>					<b>5,125,368</b>
Change in net assets					190,235
Net assets beginning of year					16,866,892
Net assets end of year					<b>\$ 17,057,127</b>

See notes to financial statements.

Madison County  
Balance Sheet  
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 1,291,280	708,863	206,133	1,166,791
Receivables:				
Property tax:				
Delinquent	8,026	1,545	3,229	-
Succeeding year	2,770,000	506,000	1,168,000	-
Interest and penalty on property tax	8,101	-	-	-
Accounts (net)	426,451	532	3,200	1,252
Accrued interest	12,419	-	-	-
Loans	-	40,000	-	-
Due from other governments	107,957	1,446	72,225	286,075
Inventories	-	-	-	189,066
Advance to Internal Service Fund	60,000	-	-	-
	<b>\$ 4,684,234</b>	<b>1,258,386</b>	<b>1,452,787</b>	<b>1,643,184</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 82,553	18,784	5,256	65,472
Salaries and benefits payable	42,210	200	3,358	76,497
Due to other governments	26,671	167,948	-	6,112
Deferred revenue:				
Succeeding year property tax	2,770,000	506,000	1,168,000	-
Other	347,155	41,749	6,029	286,624
Total liabilities	<b>3,268,589</b>	<b>734,681</b>	<b>1,182,643</b>	<b>434,705</b>
Fund balances:				
Reserved for:				
Advance to Internal Service Fund	60,000	-	-	-
Supplemental levy purposes	334,320	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	1,021,325	-	-	-
Special revenue funds	-	523,705	270,144	1,208,479
Total fund balances	<b>1,415,645</b>	<b>523,705</b>	<b>270,144</b>	<b>1,208,479</b>
	<b>\$ 4,684,234</b>	<b>1,258,386</b>	<b>1,452,787</b>	<b>1,643,184</b>

See notes to financial statements.

Nonmajor	Total
180,206	3,553,273
179	12,979
61,000	4,505,000
-	8,101
3,326	434,761
-	12,419
-	40,000
31,560	499,263
-	189,066
-	60,000
<u>276,271</u>	<u>9,314,862</u>
731	172,796
-	122,265
18,587	219,318
61,000	4,505,000
203	681,760
<u>80,521</u>	<u>5,701,139</u>
-	60,000
-	334,320
26,039	26,039
-	1,021,325
169,711	2,172,039
<u>195,750</u>	<u>3,613,723</u>
<u>276,271</u>	<u>9,314,862</u>

**Madison County**

Madison County

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

June 30, 2009

<b>Total governmental fund balances (page 19)</b>	\$ 3,613,723
<b><i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i></b>	
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 \$19,226,634 and the accumulated depreciation is \$5,961,558.	13,265,076
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	450,555
The Internal Service Funds are used by management to charge the costs of self funding of the County's health insurance benefit plan and other internal costs to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	455,837
Long-term liabilities, including capital lease purchase agreements, capital loan notes, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(728,064)
<b>Net assets of governmental activities (page 16)</b>	<u><u>\$ 17,057,127</u></u>

See notes to financial statements.

Madison 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	\$ 2,655,003	510,614	1,402,506	-
Interest and penalty on property tax	67,857	-	-	-
Intergovernmental	492,009	1,034,340	50,636	3,405,482
Licenses and permits	-	-	44,896	8,220
Charges for service	834,039	-	2,602	3,456
Use of money and property	125,170	2,028	-	-
Miscellaneous	16,590	5,755	7,958	48,886
Total revenues	4,190,668	1,552,737	1,508,598	3,466,044
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	2,038,893	-	201,851	-
Physical health and social services	576,418	-	91,240	-
Mental health	-	1,138,136	-	-
County environment and education	453,659	-	198,190	-
Roads and transportation	-	-	-	4,088,516
Governmental services to residents	412,608	-	-	-
Administration	829,334	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	115,286
Total expenditures	4,310,912	1,138,136	491,281	4,203,802
Excess (deficiency) of revenues over (under) expenditures	(120,244)	414,601	1,017,317	(737,758)
<b>Other financing sources (uses):</b>				
Sale of capital assets	2,700	-	-	-
Capital lease purchase agreement	19,320	-	-	-
Operating transfers in	-	-	-	1,059,108
Operating transfers out	-	-	(1,059,108)	-
Total other financing sources (uses)	22,020	-	(1,059,108)	1,059,108
Net change in fund balances	(98,224)	414,601	(41,791)	321,350
Fund balances beginning of year	1,513,869	109,104	311,935	887,129
Fund balances end of year	\$ 1,415,645	523,705	270,144	1,208,479

See notes to financial statements.

Nonmajor	Total
170,029	4,738,152
-	67,857
57,223	5,039,690
-	53,116
3,713	843,810
21,543	148,741
16,644	95,833
<u>269,152</u>	<u>10,987,199</u>
13,133	2,253,877
-	667,658
-	1,138,136
10,306	662,155
-	4,088,516
2,840	415,448
421,628	1,250,962
81,278	81,278
37,263	152,549
<u>566,448</u>	<u>10,710,579</u>
<u>(297,296)</u>	<u>276,620</u>
-	2,700
-	19,320
-	1,059,108
-	(1,059,108)
<u>-</u>	<u>22,020</u>
(297,296)	298,640
<u>493,046</u>	<u>3,315,083</u>
<u>195,750</u>	<u>3,613,723</u>

Madison 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)** \$ 298,640

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

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

Expenditures for capital assets	\$ 518,206	
Depreciation expense	(850,261)	(332,055)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (10,059)

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	10,501	
Other	(121,966)	(111,465)

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 repayments exceeded issuances, as follows:

Issued	(19,320)	
Repaid	121,481	102,161

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

Compensated absences	65,944	
Interest on long-term debt	4,126	70,070

The Internal Service Funds are used by management to charge the costs of self funding of the County's health insurance benefit plan and other internal costs to individual funds. The change in net assets of the Internal Service Funds is reported with governmental activities. 172,943

**Change in net assets of governmental activities (page 17)** \$ 190,235

See notes to financial statements.

Madison County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	Internal Service
<b>Assets</b>	
Cash and cash equivalents	\$ 680,756
Accounts receivable	36,082
Due from other governments	2,240
Inventories	22,096
<b>Total assets</b>	741,174
<b>Liabilities</b>	
Accounts payable	225,337
Advance from General Fund	60,000
<b>Total liabilities</b>	285,337
<b>Net Assets</b>	
Unrestricted	\$ 455,837

See notes to financial statements.

**Exhibit H**

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

Year ended June 30, 2009

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds and employees		\$ 1,582,956
Operating expenses:		
Medical claims	\$ 1,120,894	
Materials and supplies	297,072	
Unemployment compensation	<u>1,930</u>	<u>1,419,896</u>
Operating income		163,060
Non-operating revenues:		
Interest income		<u>9,883</u>
Net income		172,943
Net assets beginning of year		<u>282,894</u>
Net assets end of year		<u><u>\$ 455,837</u></u>

See notes to financial statements.

Madison County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2009

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds	\$ 1,508,856
Cash received from others	113,270
Cash paid to suppliers for goods and services	(1,373,427)
Net cash provided by operating activities	248,699
Cash flows from non-capital financing activities:	
Deficit cash implicitly financed	(15,154)
Cash flows from investing activities:	
Interest on investments	9,883
Net increase in cash and cash equivalents	243,428
Cash and cash equivalents beginning of year	437,328
Cash and cash equivalents end of year	\$ 680,756
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 163,060
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	39,012
Decrease in due from other governments	158
Decrease in inventories	11,673
Increase in accounts payable	34,796
Net cash provided by operating activities	\$ 248,699

See notes to financial statements.

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

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 998,804
Receivables:	
Property tax:	
Delinquent	41,165
Succeeding year	17,451,000
Accounts	490
Special assessments	412,876
Due from other governments	4,487
<b>Total assets</b>	<u>18,908,822</u>

**Liabilities**

Accounts payable	23,664
Due to other governments	18,827,593
Trusts payable	27,034
Compensated absences	30,531
<b>Total liabilities</b>	<u>18,908,822</u>

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

Madison County

Notes to Financial Statements

June 30, 2009

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

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

These financial statements present Madison County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Blended Component Unit – Madison County Covered Bridge Preservation Association, Inc. (Association) is legally separate from the County but is so intertwined with the County it is, in substance, the same as the County. The Association was established pursuant to Chapter 504A of the Code of Iowa to promote the repair, maintenance and preservation of Madison County's six covered bridges. The Association is reported as a Special Revenue Fund.

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: Madison County Assessor's Conference Board, Madison County Emergency Management Commission, South Central Iowa Regional E-911 Board and the Madison County Empowerment Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Funds – Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account for governmental funds which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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 and Internal Service Funds consist of expendable supplies held for consumption. Inventories of governmental and proprietary funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets

with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	20 - 50
Infrastructure	30 - 50
Equipment and vehicles	2 - 20

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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 and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted for any functions or departments prior to amendment of the budget.

**(2) Cash and Pooled Investments**

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

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,093,202 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 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.

**(3) Advances to/from Other Funds**

The detail of advances to/from other funds at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Internal Service: Fuel	<u>\$ 60,000</u>

This balance resulted from a loan between funds which has not been repaid.

**(4) 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	Special Revenue: Rural Services	<u>\$ 1,059,108</u>

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

**(5) Capital Assets**

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 607,617	-	-	607,617
Construction in progress, road network	457,754	68,592	(526,346)	-
Construction in progress	63,505	403,150	(466,655)	-
Total capital assets not being depreciated	<u>1,128,876</u>	<u>471,742</u>	<u>(993,001)</u>	<u>607,617</u>
Capital assets being depreciated:				
Buildings	2,615,686	-	(5,000)	2,610,686
Improvements other than buildings	31,147	-	-	31,147
Equipment and vehicles	5,987,855	513,118	(54,124)	6,446,849
Infrastructure, road network	9,003,988	526,347	-	9,530,335
Total capital assets being depreciated	<u>17,638,676</u>	<u>1,039,465</u>	<u>(59,124)</u>	<u>18,619,017</u>
Less accumulated depreciation for:				
Buildings	859,635	68,488	(875)	927,248
Improvements other than buildings	12,459	3,115	-	15,574
Equipment and vehicles	3,628,502	426,957	(48,190)	4,007,269
Infrastructure, road network	659,766	351,701	-	1,011,467
Total accumulated depreciation	<u>5,160,362</u>	<u>850,261</u>	<u>(49,065)</u>	<u>5,961,558</u>
Total capital assets being depreciated, net	<u>12,478,314</u>	<u>189,204</u>	<u>(10,059)</u>	<u>12,657,459</u>
Governmental activities capital assets, net	<u>\$ 13,607,190</u>	<u>660,946</u>	<u>(1,003,060)</u>	<u>13,265,076</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 73,527
Physical health and social services		9,348
County environment and education		26,691
Roads and transportation		692,241
Administration		<u>48,454</u>
Total depreciation expense - governmental activities		<u><u>\$ 850,261</u></u>

**(6) Due to Other Governments**

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

Fund	Description	Amount
General	Services	<u>\$ 26,671</u>
Special Revenue:		
Mental Health	Services	167,948
Secondary Roads	Services	6,112
Covered Bridge	Services	<u>18,587</u>
		<u>192,647</u>
Total for governmental funds		<u><u>\$ 219,318</u></u>
Agency:		
County Offices	Collections	\$ 12,003
Agricultural Extension Education		184,592
County Assessor		398,472
Schools		10,953,149
Community Colleges		357,838
Corporations		4,036,789
Townships		254,333
County Hospital		1,647,626
Special Assessments		433,343
Auto License and Use Tax		372,803
Empowerment		39,012
Other		<u>137,633</u>
Total for agency funds		<u><u>\$ 18,827,593</u></u>

**(7) Long-Term Liabilities**

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

	Capital Lease Purchase Agreements				Capital Loan Notes		Compensated Absences	Total
	Ambulances	Conservation Vehicle	Computer	Conservation Vehicle	FHA	Jail		
Balance beginning of year	\$ 49,789	8,102	39,950	-	109,193	120,739	565,432	893,205
Increases	-	-	-	19,320	-	-	435,240	454,560
Decreases	15,716	8,102	19,508	7,140	11,251	59,764	501,184	622,665
Balance end of year	\$ 34,073	-	20,442	12,180	97,942	60,975	499,488	725,100
Due within one year	\$ - *	-	20,442	- *	11,878	60,975	306,374	399,669

\* County made payments due July 1, 2009 in June 2009.

Capital Lease Purchase Agreements

In September 2006, the County entered into a lease purchase agreement with Farmers and Merchants Bank for \$79,788 to purchase two ambulances. The following is a schedule of the future minimum lease payments, including interest at 5.50% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2009:

Year ending June 30,	Ambulances
2010	\$ -
2011	18,454
2012	18,454
Total minimum lease payments	36,908
Less amount representing interest	2,835
Present value of net minimum lease payments	\$ 34,073

In June 2008, the County entered into a lease purchase agreement with IBM Credit LLC for \$39,950 to purchase computer equipment, software and maintenance. The following is a schedule of future minimum lease payments, including interest at 4.91% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2009.

Year ending June 30,	Computer
2010	\$ 21,419
Less amount representing interest	977
Present value of net minimum lease payments	\$ 20,442

In May 2009, the County entered into a lease purchase agreement to purchase a vehicle for the Conservation Board for \$19,320. The following is a schedule of the future minimum lease payments, including interest at 4.00% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2009:

Year ending June 30,	Conservation Vehicle
2010	\$ -
2011	4,437
2012	4,437
2013	4,437
Total minimum lease payments	<u>13,311</u>
Less amount representing interest	<u>1,131</u>
Present value of net minimum lease payments	<u>\$ 12,180</u>

### Capital Loan Notes

During the years ended June 30, 1995 and June 30, 1997, the County issued \$100,000 each year in general obligation capital loan notes to construct two group home/residential care facilities for developmentally disabled persons. The notes were purchased by the Farmers Home Administration (FHA). A summary of the County's June 30, 2009 capital loan note indebtedness to FHA is as follows:

Year ending June 30,	1995 Issue				1997 Issue				
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total	Total
2010	5.625%	\$ 6,265	2,437	8,702	5.50%	\$ 5,613	3,003	8,616	17,318
2011	5.625	6,611	2,091	8,702	5.50	5,921	2,695	8,616	17,318
2012	5.625	6,989	1,713	8,702	5.50	6,240	2,376	8,616	17,318
2013	5.625	7,382	1,320	8,702	5.50	6,590	2,026	8,616	17,318
2014-2017	5.625	16,087	1,317	17,404	5.50	30,244	4,220	34,464	51,868
Total		<u>\$ 43,334</u>	<u>8,878</u>	<u>52,212</u>		<u>\$ 54,608</u>	<u>14,320</u>	<u>68,928</u>	<u>121,140</u>

During the year ended June 30, 2006, the County issued \$250,000 of general obligation capital loan notes to pay the costs of repairing the County jail. The notes will be repaid from a debt service levy. A summary of the County's June 30, 2009 capital loan note indebtedness for the jail is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2010	3.65	<u>\$ 60,975</u>	<u>2,252</u>	<u>63,227</u>

**(8) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$246,279, \$211,126 and \$189,213, respectively, equal to the required contributions for each year.

**(9) Risk Management**

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Employee Group Health Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, claims processed are paid to First Administrators, Inc. from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2009 was \$1,185,012.

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$225,337, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$420,670 at June 30, 2009 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2008	\$ 160,001
Incurred claims (including claims incurred but not reported at June 30, 2009)	1,186,230
Payments on claims	<u>(1,120,894)</u>
Unpaid claims at June 30, 2009	<u><u>\$ 225,337</u></u>

**(11) Loan to Boone County**

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization. In June 2006, Madison County agreed to loan \$25,000 to Boone County for start up costs. In January 2008, County Community Services prepared and its Board approved a document stating the \$25,000 and another \$15,000 contributed by Madison County in October 2006 were loaned to Boone County for the benefit of County Community Services. The agreement states the loan will be repaid to Madison County if County Community Services ceases to exist.

**(12) Litigation**

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

In addition, the County is asking the Court to rule whether certain activities by a private company constitute pollution. The outcome of the case and the resulting impact on the County, if any, are indeterminable at this time.

**(13) Subsequent Event**

On March 2, 2010, the Board approved a resolution authorizing the issuance of not to exceed \$600,000 of general obligation capital loan notes and levying a tax for repayment of the notes. The proceeds will be used to pay the costs of improving and repairing the County courthouse, including roof repairs.

**Madison County**

**Required Supplementary Information**

Madison County

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

Required Supplementary Information

Year ended June 30, 2009

	Actual	Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 4,738,326	-	4,738,326
Interest and penalty on property tax	67,936	-	67,936
Intergovernmental	5,294,906	-	5,294,906
Licenses and permits	54,876	-	54,876
Charges for service	796,133	-	796,133
Use of money and property	148,492	1,995	146,497
Miscellaneous	111,881	8,923	102,958
Total receipts	<u>11,212,550</u>	<u>10,918</u>	<u>11,201,632</u>
<b>Disbursements:</b>			
Public safety and legal services	2,236,704	-	2,236,704
Physical health and social services	727,150	-	727,150
Mental health	1,242,364	-	1,242,364
County environment and education	648,172	6,752	641,420
Roads and transportation	4,276,241	-	4,276,241
Governmental services to residents	421,733	-	421,733
Administration	1,265,559	-	1,265,559
Debt service	81,278	-	81,278
Capital projects	160,592	-	160,592
Total disbursements	<u>11,059,793</u>	<u>6,752</u>	<u>11,053,041</u>
Excess (deficiency) of receipts over (under) disbursements	152,757	4,166	148,591
Other financing sources, net	4,005	-	4,005
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	156,762	4,166	152,596
Balance beginning of year	<u>3,396,511</u>	<u>68,686</u>	<u>3,327,825</u>
Balance end of year	<u>\$ 3,553,273</u>	<u>72,852</u>	<u>3,480,421</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
4,757,309	4,757,309	(18,983)
56,806	56,806	11,130
4,286,496	6,387,553	(1,092,647)
69,100	69,100	(14,224)
798,770	810,770	(14,637)
276,368	276,368	(129,871)
47,949	74,829	28,129
10,292,798	12,432,735	(1,231,103)
2,178,835	2,338,835	102,131
898,299	927,374	200,224
1,520,550	1,520,550	278,186
638,511	697,911	56,491
3,994,284	4,558,565	282,324
432,105	432,105	10,372
1,213,294	1,436,294	170,735
81,281	81,281	3
15,107	1,282,628	1,122,036
10,972,266	13,275,543	2,222,502
(679,468)	(842,808)	991,399
2,000	177,000	(172,995)
(677,468)	(665,808)	818,404
3,219,017	3,556,096	(228,271)
2,541,549	2,890,288	590,133

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Madison 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	\$ 11,212,550	(225,351)	10,987,199
Expenditures	11,059,793	(349,214)	10,710,579
Net	152,757	123,863	276,620
Other financing sources, net	4,005	18,015	22,020
Beginning fund balances	3,396,511	(81,428)	3,315,083
Ending fund balances	\$ 3,553,273	60,450	3,613,723

See accompanying independent auditor's report.

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,303,277. 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 and for Emergency Management Services by the County Emergency Management Commission.

Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.

**Madison County**

**Other Supplementary Information**

Madison County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	Resource Enhancement and Protection	Special Covered Bridge
<b>Assets</b>			
Cash and pooled investments	\$ 10,590	35,993	30,004
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	413	-	-
Due from other governments	-	-	16,703
<b>Total assets</b>	<b>\$ 11,003</b>	<b>35,993</b>	<b>46,707</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 256	475	-
Due to other governments	-	-	18,587
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	256	475	18,587
Fund equity:			
Fund balances:			
Reserved for debt service	-	-	-
Unreserved	10,747	35,518	28,120
Total fund equity	10,747	35,518	28,120
<b>Total liabilities and fund equity</b>	<b>\$ 11,003</b>	<b>35,993</b>	<b>46,707</b>

See accompanying independent auditor's report.

Revenue							
Conservation Land Acquisition	Local Option Sales Tax	Sheriff McDee	County Attorney Forfeiture	Covered Bridge Preservation Association	Debt Service		Total
2,060	-	4,894	663	72,852	23,150		180,206
-	-	-	-	-	179		179
-	-	-	-	-	61,000		61,000
-	-	-	-	-	2,913		3,326
-	14,857	-	-	-	-		31,560
2,060	14,857	4,894	663	72,852	87,242		276,271
-	-	-	-	-	-		731
-	-	-	-	-	-		18,587
-	-	-	-	-	61,000		61,000
-	-	-	-	-	203		203
-	-	-	-	-	61,203		80,521
-	-	-	-	-	26,039		26,039
2,060	14,857	4,894	663	72,852	-		169,711
2,060	14,857	4,894	663	72,852	26,039		195,750
2,060	14,857	4,894	663	72,852	87,242		276,271

Madison County

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

Year ended June 30, 2009

	County Recorder's Records Management	Resource Enhancement and Protection	Special Covered Bridge
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	-	16,498	29,810
Charges for service	3,713	-	-
Use of money and property	177	599	-
Miscellaneous	-	-	-
Total revenues	<u>3,890</u>	<u>17,097</u>	<u>29,810</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	3,554	-
Governmental services to residents	2,840	-	-
Administration	-	-	-
Debt service	-	-	-
Capital projects	-	-	37,263
Total expenditures	<u>2,840</u>	<u>3,554</u>	<u>37,263</u>
Excess (deficiency) of revenues over (under) expenditures	1,050	13,543	(7,453)
Fund balances beginning of year	<u>9,697</u>	<u>21,975</u>	<u>35,573</u>
Fund balances end of year	<u>\$ 10,747</u>	<u>35,518</u>	<u>28,120</u>

See accompanying independent auditor's report.

Revenue							
Conservation Land Acquisition	Local Option Sales Tax	Sheriff McDee	County Attorney Forfeiture	Covered Bridge Preservation Association	Debt Service	Total	
-	108,465	-	-	-	61,564	170,029	
-	-	-	8,598	-	2,317	57,223	
-	-	-	-	-	-	3,713	
-	-	-	-	1,995	18,772	21,543	
-	-	7,721	-	8,923	-	16,644	
-	108,465	7,721	8,598	10,918	82,653	269,152	
-	-	5,198	7,935	-	-	13,133	
-	-	-	-	6,752	-	10,306	
-	-	-	-	-	-	2,840	
-	421,628	-	-	-	-	421,628	
-	-	-	-	-	81,278	81,278	
-	-	-	-	-	-	37,263	
-	421,628	5,198	7,935	6,752	81,278	566,448	
-	(313,163)	2,523	663	4,166	1,375	(297,296)	
2,060	328,020	2,371	-	68,686	24,664	493,046	
2,060	14,857	4,894	663	72,852	26,039	195,750	

**Schedule 3**

Madison County  
Combining Schedule of Net Assets  
Internal Service Funds

June 30, 2009

	Fuel	Supplies	Employee Group Health	Unemploy- ment Insurance	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 37,347	169	627,367	15,873	680,756
Accounts receivable	17,417	25	18,640	-	36,082
Due from other governments	2,240	-	-	-	2,240
Inventories	22,096	-	-	-	22,096
<b>Total assets</b>	<b>79,100</b>	<b>194</b>	<b>646,007</b>	<b>15,873</b>	<b>741,174</b>
<b>Liabilities</b>					
Accounts payable	-	-	225,337	-	225,337
Advance from General Fund	60,000	-	-	-	60,000
<b>Total liabilities</b>	<b>60,000</b>	<b>-</b>	<b>225,337</b>	<b>-</b>	<b>285,337</b>
<b>Net Assets</b>					
Unrestricted	\$ 19,100	194	420,670	15,873	455,837

See accompanying independent auditor's report.

## Madison County

Combining Schedule of Revenues, Expenses and  
Changes in Fund Net Assets  
Internal Service Funds

Year ended June 30, 2009

	Fuel	Supplies	Employee Group Health	Unemploy- ment Insurance	Total
Operating revenues:					
Reimbursements from operating funds and employees	\$ 284,356	318	1,185,012	-	1,469,686
Reimbursements from others	24,288	13	88,969	-	113,270
Total operating revenues	<u>308,644</u>	<u>331</u>	<u>1,273,981</u>	<u>-</u>	<u>1,582,956</u>
Operating expenses:					
Medical claims	-	-	1,120,894	-	1,120,894
Materials and supplies	296,812	260	-	-	297,072
Unemployment compensation	-	-	-	1,930	1,930
Total operating expenses	<u>296,812</u>	<u>260</u>	<u>1,120,894</u>	<u>1,930</u>	<u>1,419,896</u>
Operating income (loss)	11,832	71	153,087	(1,930)	163,060
Non-operating revenues:					
Interest income	-	-	9,883	-	9,883
Net income (loss)	<u>11,832</u>	<u>71</u>	<u>162,970</u>	<u>(1,930)</u>	<u>172,943</u>
Net assets beginning of year	<u>7,268</u>	<u>123</u>	<u>257,700</u>	<u>17,803</u>	<u>282,894</u>
Net assets end of year	<u>\$ 19,100</u>	<u>194</u>	<u>420,670</u>	<u>15,873</u>	<u>455,837</u>

See accompanying independent auditor's report.

**Madison County**

Madison County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2009

	Fuel	Supplies	Employee Group Health	Unemploy- ment Insurance	Total
Cash flows from operating activities:					
Cash received from operating funds	\$ 342,006	404	1,166,446	-	1,508,856
Cash received from others	24,288	13	88,969	-	113,270
Cash paid to suppliers for goods and services	(313,793)	(409)	(1,055,558)	(3,667)	(1,373,427)
Net cash provided (used) by operating activities	52,501	8	199,857	(3,667)	248,699
Cash flows from non-capital financing activities:					
Deficit cash implicitly financed	(15,154)	-	-	-	(15,154)
Cash flows from investing activities:					
Interest on investments	-	-	9,883	-	9,883
Net increase (decrease) in cash and cash equivalents	37,347	8	209,740	(3,667)	243,428
Cash and cash equivalents beginning of year	-	161	417,627	19,540	437,328
Cash and cash equivalents end of year	\$ 37,347	169	627,367	15,873	680,756
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 11,832	71	153,087	(1,930)	163,060
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in accounts receivable	57,492	86	(18,566)	-	39,012
Decrease in due from other governments	158	-	-	-	158
Decrease in inventories	11,673	-	-	-	11,673
Increase (decrease) in accounts payable	(28,654)	(149)	65,336	(1,737)	34,796
Net cash provided (used) by operating activities	\$ 52,501	8	199,857	(3,667)	248,699

See accompanying independent auditor's report.

Madison County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ 17,933	3,061	123,234	164,855	5,838
Receivables:					
Property tax:					
Delinquent	-	531	897	28,294	1,000
Succeeding year	-	181,000	309,000	10,760,000	351,000
Accounts	73	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 18,006</b>	<b>184,592</b>	<b>433,131</b>	<b>10,953,149</b>	<b>357,838</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	4,128	-	-
Due to other governments	12,003	184,592	398,472	10,953,149	357,838
Trusts payable	6,003	-	-	-	-
Compensated absences	-	-	30,531	-	-
<b>Total liabilities</b>	<b>\$ 18,006</b>	<b>184,592</b>	<b>433,131</b>	<b>10,953,149</b>	<b>357,838</b>

See accompanying independent auditor's report.

Corporations	Townships	County Hospital	Special Assessments	Auto License and Use Tax	Empowerment	Other	Total
85,811	3,598	26,946	20,467	372,803	51,387	122,871	998,804
4,978	735	4,680	-	-	-	50	41,165
3,946,000	250,000	1,616,000	-	-	-	38,000	17,451,000
-	-	-	-	-	-	417	490
-	-	-	412,876	-	-	-	412,876
-	-	-	-	-	-	4,487	4,487
<b>4,036,789</b>	<b>254,333</b>	<b>1,647,626</b>	<b>433,343</b>	<b>372,803</b>	<b>51,387</b>	<b>165,825</b>	<b>18,908,822</b>
-	-	-	-	-	12,375	7,161	23,664
4,036,789	254,333	1,647,626	433,343	372,803	39,012	137,633	18,827,593
-	-	-	-	-	-	21,031	27,034
-	-	-	-	-	-	-	30,531
<b>4,036,789</b>	<b>254,333</b>	<b>1,647,626</b>	<b>433,343</b>	<b>372,803</b>	<b>51,387</b>	<b>165,825</b>	<b>18,908,822</b>

Madison 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	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 14,562	177,671	403,924	9,597,288	338,403
Additions:					
Property and other county tax	-	182,804	311,960	10,850,270	354,388
State tax credits	-	6,793	11,485	365,602	12,974
Office fees and collections	369,145	-	-	-	-
Electronic transaction fees	2,330	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	307,402	-	-	-	-
Miscellaneous	-	-	278	-	-
Total additions	678,877	189,597	323,723	11,215,872	367,362
Deductions:					
Agency remittances:					
To other funds	264,319	-	-	-	-
To other governments	106,455	182,676	294,516	9,860,011	347,927
Trusts paid out	304,659	-	-	-	-
Total deductions	675,433	182,676	294,516	9,860,011	347,927
Balances end of year	\$ 18,006	184,592	433,131	10,953,149	357,838

See accompanying independent auditor's report.

Corpora- tions	Townships	County Hospital	Special Assess- ments	Auto License and Use Tax	Empower- ment	Other	Total
3,761,255	238,731	1,566,306	487,220	377,387	83,358	127,371	17,173,476
3,801,439	257,071	1,629,463	-	-	-	36,539	17,423,934
119,065	9,176	59,798	-	-	-	1,412	586,305
-	-	-	-	-	282	-	369,427
-	-	-	-	-	-	4,057	6,387
-	-	-	-	3,999,986	-	-	3,999,986
-	-	-	203,273	-	-	-	203,273
-	-	-	-	-	-	446,161	753,563
-	-	-	-	-	251,219	173,067	424,564
3,920,504	266,247	1,689,261	203,273	3,999,986	251,501	661,236	23,767,439
-	-	-	-	128,498	-	-	392,817
3,644,970	250,645	1,607,941	257,150	3,876,072	283,472	184,675	20,896,510
-	-	-	-	-	-	438,107	742,766
3,644,970	250,645	1,607,941	257,150	4,004,570	283,472	622,782	22,032,093
4,036,789	254,333	1,647,626	433,343	372,803	51,387	165,825	18,908,822

Madison County

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

For the Last Nine Years

	2009	2008	2007	2006
<b>Revenues:</b>				
Property and other county tax	\$ 4,188,008	3,922,927	3,867,637	3,590,801
Local option sales tax	550,144	590,756	565,184	555,435
Interest and penalty on property tax	67,857	56,820	55,586	59,215
Intergovernmental	5,039,690	4,843,465	4,597,043	4,189,078
Licenses and permits	53,116	60,676	78,218	96,303
Charges for service	843,810	827,092	695,027	720,040
Use of money and property	148,741	260,310	296,128	229,810
Miscellaneous	95,833	90,103	145,912	205,838
<b>Total</b>	<b>\$ 10,987,199</b>	<b>10,652,149</b>	<b>10,300,735</b>	<b>9,646,520</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 2,253,877	2,135,309	2,095,972	1,619,411
Physical health and social services	667,658	696,699	521,118	503,749
Mental health	1,138,136	1,289,301	1,296,836	1,103,099
County environment and education	662,155	674,718	515,099	531,247
Roads and transportation	4,088,516	4,333,549	3,203,353	3,703,088
Governmental services to residents	415,448	398,227	376,671	481,599
Administration	1,250,962	863,733	771,529	683,606
Debt service	81,278	180,158	186,885	139,211
Capital projects	152,549	673,579	1,044,329	644,007
<b>Total</b>	<b>\$ 10,710,579</b>	<b>11,245,273</b>	<b>10,011,792</b>	<b>9,409,017</b>

See accompanying independent auditor's report.

Modified Accrual Basis				
2005	2004	2003	2002	2001
3,384,031	3,489,036	3,351,970	3,165,895	2,923,224
398,484	-	-	-	-
63,583	55,809	62,939	62,198	58,181
3,796,249	3,971,314	3,890,226	3,767,863	4,343,475
93,608	66,124	63,997	40,119	25,885
662,292	614,945	570,211	542,147	491,318
152,709	95,810	119,058	186,616	291,658
125,017	55,565	384,932	31,439	31,467
<b>8,675,973</b>	<b>8,348,603</b>	<b>8,443,333</b>	<b>7,796,277</b>	<b>8,165,208</b>
1,558,488	1,594,735	1,597,835	1,433,056	1,362,699
477,518	517,376	474,540	498,989	506,316
1,012,500	951,864	953,994	1,083,090	1,094,889
454,545	436,614	396,095	485,829	349,256
3,756,935	3,699,220	3,241,644	3,379,254	3,111,854
372,840	367,811	340,132	374,545	330,420
685,801	679,426	653,627	644,790	584,326
122,661	124,018	384,099	101,742	99,848
320,773	549,182	526,486	121,462	636,371
<b>8,762,061</b>	<b>8,920,246</b>	<b>8,568,452</b>	<b>8,122,757</b>	<b>8,075,979</b>

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 6,801
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO61(78)-8J-61	54,873
Highway Planning and Construction	20.205	HCBP-CO61(81)-8E-61	29,811
			<u>84,684</u>
Iowa Department of Public Safety:			
Safety Belt Performance Grants	20.609	09-406, Task 100	4,000
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Ringgold County Public Health:			
Immunization Grants	93.268	58891452	5,931
Visiting Nurse Association of Pottawattamie County:			
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	5888BT04-09	15,824
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	5888BT04-10	1,289
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	5888BT09	5,000
			<u>22,113</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		6,264
Refugee and Entrant Assistance-State Administered Program	93.566		10
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,793
Foster Care - Title IV-E	93.658		3,811
Adoption Assistance	93.659		919
State Children's Insurance Program	93.767		52
Medical Assistance Program	93.778		8,280
Social Services Block Grant	93.667		4,105
Social Services Block Grant	93.667		49,950
			<u>54,055</u>

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA1737 DR IA	5,728
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA1763 DR IA	582,069
			<u>587,797</u>
Iowa Region 4 Homeland Security Board:			
State Domestic Preparedness Equipment Support Program	97.004		936
Emergency Management Performance Grants	97.042		35,181
			<u>35,181</u>
Total Indirect			<u>\$ 822,627</u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Madison 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.

**Madison County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Madison County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Madison 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 March 16, 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 Madison 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 Madison County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Madison 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 Madison 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 Madison County's financial statements that is more than inconsequential will not be prevented or detected by Madison 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 Madison 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, II-B-09, II-C-09 and II-E-09 are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison 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.

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.

Madison 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 Madison 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 Madison County and other parties to whom Madison 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 Madison 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

March 16, 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**

**Madison County**



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

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

To the Officials of Madison County:

Compliance

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

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

Internal Control Over Compliance

The management of Madison 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 Madison 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 Madison County's internal control over compliance.

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

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Madison County and other parties to whom Madison 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

March 16, 2010

Madison 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) No material weaknesses in internal control over the major program were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was 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) Madison County did not qualify as a low-risk auditee.

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

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

**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. The 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 was not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received was not prepared, so it could not be compared to the cash receipt records.	Sheriff
(2) Generally, one individual may have control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist.	Ambulance, Engineer, Conservation Board, Public Health Nurse and Madison County Covered Bridge Preservation Association
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Sheriff and Madison County Covered Bridge Preservation Association
(4) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	Sheriff

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, County officials should review the operating procedures of their offices 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.

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Responses –

Sheriff – Every attempt will be made to separate duties with the limited number of personnel available.

Ambulance – Every attempt will be made to separate duties with the limited number of personnel.

Engineer – We will formulate a plan to segregate duties as much as possible with a limited staff.

Public Health Nurse – We are still working on staffing. There are currently two fulltime and one part-time employee in the office.

Conservation Board – The Madison County Conservation Board attempts to segregate the responsibility of collections in the most feasible manner possible given the size of our staff.

Camping fees – The three person full-time staff currently rotates weekend camping responsibilities on a weekly schedule. A second staff person re-counts camping revenue on Monday mornings and we provide two sets of initialing on camping receipts deposited with the Madison County Treasurer.

Shelter, cabins, equipment fees – Almost 100% of these transactions are conducted by phone utilizing credit card payments. All personnel participate in taking reservations and conducting the credit card transactions (depending on who is in the office or which staff person takes the phone call). Utilizing credit card transactions as the primary payment method (we discourage cash or checks for such rentals) provides an additional paper trail from our credit card provider and associated local bank depository. A second staff person re-counts weekly revenue from these sources on Monday mornings and we provide two sets of initialing on receipts deposited with the Madison County Treasurer.

Madison County Covered Bridge Preservation Association – We will look into ways to segregate duties.

Conclusions – Sheriff, Ambulance, Engineer, Conservation Board and Madison County Covered Bridge Preservation Association responses accepted. Public Health Nurse response acknowledged. This office should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

II-B-09 Ambulance Billings and Accounts Receivable – The County has contracted with an outside service provider to prepare and mail billings for ambulance service and to maintain a list of accounts receivable. The County pays the provider based on a percentage of the payments received by the County. Ambulance staff does not review patient billing information provided by the service provider to ensure all billings have been properly remitted to insurance providers or the patient or to verify the patient's bill is correct. In addition, all collections are sent to Madison County Ambulance and the payment information is then forwarded to

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

the service provider. However, ambulance staff does not review the accounts receivable listing received from the provider to ensure the collections were recorded accurately and to the proper patient account.

Recommendation – The Ambulance department should review the billing information provided by the service provider to ensure all patients have been properly billed. In addition, the Ambulance department should review the account receivable report prepared by the service provider to determine payments were applied to the correct account and the service provider is not adjusting accounts for insurance write offs arbitrarily. Since the County is billed by the service provider based on collections, the Ambulance staff should review collections to verify insurance and Medicare adjustments are properly applied as adjustments to ensure the County is not overcharged for the service provided.

Response – The Department will check the accounts weekly using patient day sheets obtained from the billing company. Review of these sheets will allow us to ensure patients have been properly billed and payments on account are properly applied. We will also review collections to verify insurance and Medicare adjustments are properly applied to ensure the County is not overbilled by the billing service provider.

Conclusion – Response accepted.

II-C-09 Ambulance Billing Collections and Receivable Reconciliation – A reconciliation of billings, collections and receivables was not prepared during the year.

Recommendation – A reconciliation of billings, collections and receivables should be prepared monthly. The reconciliation should be reviewed by someone independent of collecting revenues and with no access to patient account receivable information.

Response – The Department will attempt to perform these reconciliations monthly.

Conclusion – Response accepted.

II-D-9 Public Health Nurse Billings and Accounts Receivable Reconciliation – Billings were not sent timely and a reconciliation of billings, collections and receivables was not prepared monthly.

Recommendation – Billings should be prepared and mailed monthly. A reconciliation of billings, collections and receivables should be prepared and reviewed monthly.

Response – An employee was out on medical leave and another staff was hired to handle billings. We forgot to do the monthly reconciliations when the staff person was on leave. The full time staff person has returned from leave and the problem has been corrected.

Conclusion - Response accepted.

Madison County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-E-09 Financial Reporting – During the audit, we identified material receivables incorrectly 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 are correctly reflected in the County’s financial statements.

Response – We will review our procedures with our departments and staff.

Conclusion – Response accepted.

II-F-09 County Sheriff’s Gun Safety Account – The County Sheriff maintains a bank account for a gun safety course. The financial activity in this account is not reflected in the County’s financial statements and has not been included in the County’s annual budget.

Recommendation – Gun safety course profits should be remitted to the County Treasurer and included in the County’s annual budget and financial statements.

Response – The gun safety course account will be closed and run through the County budget.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Madison 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:**

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

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

IV-C-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 – Business transactions between the County and County officials or employees are detailed as follows

Name, Title and Business Connection	Transaction Description	Amount
Tom Johnston, Ambulance employee, son owns Johnston Lawn Care	Lawn service	\$ 7,010

In accordance with Chapter 331.342(4) of the Code of Iowa, the transactions with Johnston Lawn Care do not appear to represent a conflict of interest since Tom Johnston’s remuneration of employment is not directly affected as a result of the contract and his duties of employment did not directly involve the procurement or preparation of any part of the contract.

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

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

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

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

Madison County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Karen J. Kibbe, Senior Auditor  
Tracey L. Gerrish, Staff Auditor  
Joshua B. Ludwig, Staff Auditor  
Casey L. Johnson, Assistant Auditor  
Clinton J. Krapfl, Assistant Auditor

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