



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

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**NEWS RELEASE**

FOR RELEASE

April 2, 2010

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$27,439,211 for the year ended June 30, 2009, which included \$881,083 in tax credits from the state. The County forwarded \$21,567,079 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,872,132 of the local tax revenue to finance County operations, a 3.0% increase over the prior year. Other revenues included charges for service of \$1,085,777, operating grants, contributions and restricted interest of \$4,853,307, capital grants, contributions and restricted interest of \$1,252,137, local option sales tax of \$802,996, unrestricted investment earnings of \$117,723 and other general revenues of \$175,514.

Expenses for County operations totaled \$12,232,692, a 1.7% increase over the prior year. Expenses included \$4,739,612 for roads and transportation, \$2,246,577 for public safety and legal services and \$1,654,406 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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**POWESHIEK COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2009**

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**Poweshiek County**

**Officials**

**(Before January 2009)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Shutts	Board of Supervisors	Jan 2009
Ellie Snook	Board of Supervisors	Jan 2011
Lamoyne Gaard	Board of Supervisors	Jan 2011
Diana Dawley (Appointed)	County Auditor	Nov 2008
Lana Taylor	County Treasurer	Jan 2011
Beverly Malloy	County Recorder	Jan 2011
Thomas B. Sheets	County Sheriff	Jan 2009
Michael W. Mahaffey	County Attorney	Jan 2011
Margaret Hutchinson	County Assessor	Jan 2010

**(After January 2009)**

Ellie Snook	Board of Supervisors	Jan 2011
Lamoyne Gaard	Board of Supervisors	Jan 2011
Doug Shutts	Board of Supervisors	Jan 2013
Diana Dawley	County Auditor	Jan 2013
Lana Taylor	County Treasurer	Jan 2011
Beverly Malloy	County Recorder	Jan 2011
Thomas B. Sheets	County Sheriff	Jan 2013
Michael W. Mahaffey	County Attorney	Jan 2011
Margaret Hutchinson	County Assessor	Jan 2010

**Poweshiek County**



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Independent Auditor's Report

To the Officials of Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek 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 Poweshiek 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 Poweshiek 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 8, 2010 on our consideration of Poweshiek County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 47 through 50 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 Poweshiek 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 five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets or capital assets and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 8, 2010

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

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Poweshiek 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 increased 12.2%, or approximately \$1,540,000, from fiscal year 2008 to fiscal year 2009. Charges for services decreased approximately \$470,000, operating grants and contributions increased approximately \$698,000, capital grants and contributions increased approximately \$461,000 and local option sales tax increased approximately \$803,000 in the first year of collection.
- Program expenses of the County's governmental activities increased 2%, or approximately \$210,000, from fiscal year 2008 to fiscal year 2009. County environment and education expenses increased approximately \$151,000, roads and transportation expenses increased approximately \$83,000, interest on long-term debt increased approximately \$194,000 and non-program expenses decreased approximately \$271,000.
- The County's net assets increased 12%, or approximately \$1,927,000, 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 Poweshiek 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 Poweshiek 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 Poweshiek County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and 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, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. 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. The fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

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

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Poweshiek County's combined net assets at the end of fiscal year 2009 totaled approximately \$18.6 million, compared to approximately \$16.7 million at the end of fiscal year 2008. The analysis that follows focuses on the changes in the net assets of governmental activities.

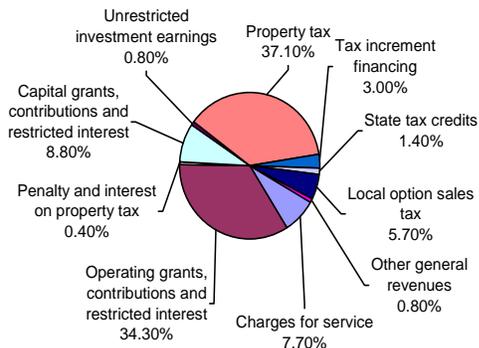
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2009	2008
Current and other assets	\$ 19,041	12,862
Capital assets	15,584	10,830
Total assets	34,625	23,692
Long-term liabilities	8,379	706
Other liabilities	7,640	6,307
Total liabilities	16,019	7,013
Net assets:		
Invested in capital assets, net of related debt	12,199	10,787
Restricted	3,493	3,494
Unrestricted	2,914	2,398
Total net assets	\$ 18,606	16,679

Net assets of Poweshiek County's governmental activities increased 12.0% (approximately \$18.6 million compared to approximately \$16.7 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$2,398,000 at June 30, 2008 to approximately \$2,914,000 at the end of this year, an increase of 21.5%.

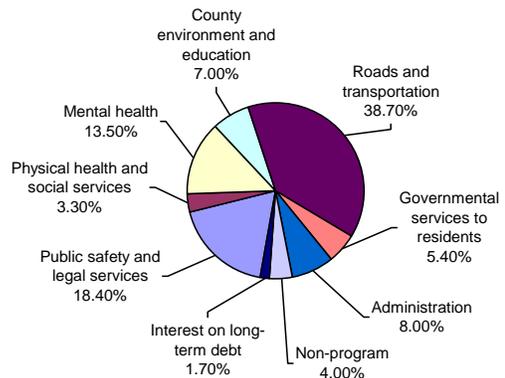
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2009	2008
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,086	1,556
Operating grants, contributions and restricted interest	4,853	4,155
Capital grants, contributions and restricted interest	1,252	791
<b>General revenues:</b>		
Property tax	5,249	5,195
Tax increment financing	429	291
Penalty and interest on property tax	60	39
State tax credits	194	217
Local option sales tax	803	-
Unrestricted investment earnings	118	309
Other general revenues	116	67
<b>Total revenues</b>	<b>14,160</b>	<b>12,620</b>
<b>Program expenses:</b>		
Public safety and legal services	2,247	2,223
Physical health and social services	405	482
Mental health	1,654	1,613
County environment and education	853	702
Roads and transportation	4,740	4,657
Governmental services to residents	663	622
Administration	973	949
Non-program	491	762
Interest on long-term debt	207	13
<b>Total expenses</b>	<b>12,233</b>	<b>12,023</b>
<b>Increase in net assets</b>	<b>1,927</b>	<b>597</b>
<b>Net assets beginning of year</b>	<b>16,679</b>	<b>16,082</b>
<b>Net assets end of year</b>	<b>\$ 18,606</b>	<b>16,679</b>

**Revenues by Source**



**Expenses by Program**



The County decreased property tax rates for fiscal year 2009 an average of 7.7%. County wide taxable valuations in Poweshiek County have increased as follows: from \$746,571,676 in fiscal year 2007, to \$765,110,773 in fiscal year 2008 and \$832,353,360 in fiscal year 2009. Based on increases in the total assessed valuation and an increase in fiscal year 2010 property tax rates, property tax revenue is budgeted to increase an additional \$376,500 next year.

The cost of all governmental activities was approximately \$12.2 million compared to approximately \$12.0 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$5.0 million because some of the cost was paid by those directly benefited from the programs (\$902,000) or by other governments and organizations which subsidized certain programs with grants and contributions (\$6,289,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in fiscal year 2009 from approximately \$6,502,000 to approximately \$7,191,000, principally due to receiving additional funding for mental health. The County paid for the remaining "public benefit" portion of governmental activities (\$5,041,000) with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$10.7 million, an increase of approximately \$4,600,000 from last year's total of approximately \$6.1 million. The increase is primarily attributable to a \$7,950,000 general obligation local option sales tax bond issue during the year. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$203,000 compared to the prior year, mostly due to an approximately \$146,000 decrease in use of money and property revenues. Expenditures decreased approximately \$161,000. The ending fund balance increased approximately \$621,000 over the prior year to approximately \$2,428,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Mental Health Fund revenues totaled approximately \$2,056,000, an increase of 55.8% over the prior year. The County was eligible for additional funding from the State during fiscal year 2009 due to the County's fund balance to expenditures ratio. Expenditures remained consistent when compared to the prior year. The Mental Health Fund balance at year end increased over the prior year to approximately \$545,000.
- Rural Services Fund revenues remained consistent when compared to the prior year. Expenditures increased approximately \$208,000, a 24.7% increase over the prior year, caused primarily by increased costs in uniform patrol services. The Rural Services Fund ending fund balance decreased approximately \$207,000 from the prior year to approximately \$259,000.
- Secondary Roads Fund revenues remained consistent when compared to the prior year. Expenditures increased approximately \$580,000, a 13.2% increase over prior year due to two larger projects completed during the year compared to fiscal year 2008. The Secondary Roads Fund ending fund balance decreased approximately \$319,000 from the prior year to approximately \$1,394,000.
- Urban Renewal Fund revenues totaled approximately \$429,000, an increase of 47.6% over the prior year. Expenditures totaled approximately \$409,000, an increase of 45.2% from the prior year. The Urban Renewal Fund ending fund balance decreased approximately \$341,000 from the prior year to approximately \$33,000 due to a transfer out of approximately \$361,000 to the Secondary Roads Fund for a paving project related to the urban renewal agreement.

- During the year ended June 30, 2009, the County issued \$7,950,000 of general obligation local option sales tax bonds to finance the construction of the Public Safety building. The proceeds from the bond issue were placed into the Capital Projects Fund set up to account for this major project. Approximately \$4,175,000 remained in the Capital Projects Fund at the end of the year.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget four times. The first amendment was made in July 2008 and resulted in an increase in budgeted disbursements related to capital projects for the Public Safety building. The second amendment was made in August 2008. This amendment was made to provide for disbursements related to sanitary disposal because no initial budget was set up for this purpose. The third amendment was made in September 2008 and resulted in an increase in budgeted receipts and disbursements for a Biova grant and an increase in budgeted disbursements for public safety and legal services. The fourth amendment was made in April 2009 and resulted in an increase in budgeted intergovernmental and other county tax receipts. This amendment was made to provide for additional receipts and disbursements in certain County departments.

The County's receipts were \$149,798 less than budgeted, a variance of 1%. The most significant variance resulted from the County not receiving funding for a RISE grant as anticipated.

Total disbursements were \$4,962,819 less than the amended budget. Actual disbursements for the capital projects, mental health and roads and transportation functions were \$3,877,023, \$309,329 and \$227,177 respectively, less than budgeted. This was primarily due to the County not completing the Public Safety building during the fiscal year, spending less than anticipated for mental health and not completing as many capital projects in the Secondary Roads Fund as anticipated.

Even with the budget amendments, the County exceeded the budgeted amount in the debt service function for the year ended June 30, 2009.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, Poweshiek County had approximately \$15.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 1,527	1,386
Construction in progress	5,073	1,359
Buildings and improvements	835	874
Equipment and vehicles	1,782	2,070
Infrastructure	6,367	5,141
Total	\$ 15,584	10,830

The County had depreciation expense of \$604,000 in fiscal year 2009 and total accumulated depreciation of \$5,835,590 at June 30, 2009. Capital assets, net of accumulated depreciation, increased approximately \$4,754,000 during the year. 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, Poweshiek County had \$7,560,000 in long-term debt outstanding, compared to approximately \$109,000 at June 30, 2008.

	Outstanding Debt of Governmental Activities at Year End	
	(Expressed in Thousands)	
	June 30,	
	2009	2008
General obligation notes	\$ -	84
General obligation capital loan notes	-	25
General obligation local option sales tax bonds	7,560,000	-
Total	\$ 7,560,000	109

Debt increased as a result of issuing general obligation local option sales tax bonds for the Public Safety building.

The County carries a general obligation bond rating of A2 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of \$7,560,000 is significantly below its constitutional debt limit of approximately \$70 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

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2010 county wide property tax rate is \$8.12027 per \$1,000 of taxable valuation, an increase of \$.28134 over fiscal year 2009. Poweshiek County will fund capital projects for road improvements, a new playground and on-going work at the campground at Diamond Lake Park, joint dispatch and a new public safety building. These factors, along with increased wage adjustments for union and pay-plan employees, represent the largest portion of the increased expenditures. The fiscal year 2010 ending fund balance will decrease to approximately \$1,277,000 in the General Fund.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek 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 Poweshiek County Auditor's Office, 302 East Main Street, Montezuma, Iowa 50171-0314.

**Poweshiek County**

## **Basic Financial Statements**

Poweshiek County  
Statement of Net Assets  
June 30, 2009

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 11,483,567
Receivables:	
Property tax:	
Delinquent	1,966
Succeeding year	6,385,000
Penalty and interest on property tax	639
Accounts	52,568
Accrued interest	85,806
Due from other governments	466,268
Inventories	480,156
Prepaid insurance	85,203
Capital assets (net of accumulated depreciation)	15,584,205
<b>Total assets</b>	<u>34,625,378</u>
<b>Liabilities</b>	
Accounts payable	971,597
Salaries and benefits payable	100,223
Due to other governments	183,314
Deferred revenue:	
Succeeding year property tax	6,385,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation local option sales tax bonds payable	295,000
Compensated absences	195,119
Portion due or payable after one year:	
General obligation local option sales tax bonds payable	7,265,000
Compensated absences	32,192
Landfill postclosure care	375,000
Net OPEB liability	216,846
<b>Total liabilities</b>	<u>16,019,291</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	12,199,227
Restricted for:	
Supplemental levy purposes	88,801
Mental health purposes	558,007
Secondary roads purposes	1,337,443
Debt service	118,814
Other purposes	1,389,466
Unrestricted	2,914,329
<b>Total net assets</b>	<u>\$ 18,606,087</u>

See notes to financial statements.

Poweshiek 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	\$ 2,246,577	333,649	129,824	-	(1,783,104)
Physical health and social services	405,013	23,605	250,214	-	(131,194)
Mental health	1,654,406	-	1,622,628	-	(31,778)
County environment and education	852,405	48,376	81,419	44,303	(678,307)
Roads and transportation	4,739,612	68,267	2,679,692	1,207,834	(783,819)
Governmental services to residents	662,961	322,942	15,673	-	(324,346)
Administration	973,239	9,490	-	-	(963,749)
Non-program	491,039	279,448	-	-	(211,591)
Interest on long-term debt	207,440	-	73,857	-	(133,583)
<b>Total</b>	<b>\$ 12,232,692</b>	<b>1,085,777</b>	<b>4,853,307</b>	<b>1,252,137</b>	<b>(5,041,471)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					5,059,682
Debt service					188,988
Tax increment financing					429,120
Penalty and interest on property tax					59,433
State tax credits					194,342
Local option sales tax					802,996
Unrestricted investment earnings					117,723
Miscellaneous					116,081
<b>Total general revenues</b>					<b>6,968,365</b>
Change in net assets					1,926,894
Net assets beginning of year					16,679,193
Net assets end of year					<b>\$ 18,606,087</b>

See notes to financial statements.

Poweshiek County  
Balance Sheet  
Governmental Funds

June 30, 2009

	Special Revenue		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments	\$ 2,352,940	733,806	254,851
Receivables:			
Property tax:			
Delinquent	985	135	814
Succeeding year	3,171,000	434,000	1,903,000
Interest and penalty on property tax	639	-	-
Accounts	5,384	35,295	1,350
Accrued interest	28,477	-	-
Due from other funds	-	-	-
Due from other governments	46,134	-	16,508
Inventories	-	-	-
Prepaid insurance	39,830	-	13,068
Advance to Internal Service Fund	100,000	-	-
<b>Total assets</b>	<b>\$ 5,745,389</b>	<b>1,203,236</b>	<b>2,189,591</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 74,691	38,870	6,616
Salaries and benefits payable	36,552	5,738	20,066
Due to other funds	136	-	-
Due to other governments	19,645	162,405	100
Deferred revenue:			
Succeeding year property tax	3,171,000	434,000	1,903,000
Other	15,121	17,380	814
Total liabilities	3,317,145	658,393	1,930,596
Fund balances:			
Reserved for:			
Supplemental levy purposes	88,801	-	-
Debt service	-	-	-
Advances to other funds	100,000	-	-
Unreserved, reported in:			
General fund	2,239,443	-	-
Special revenue funds:			
Designated for postclosure care	-	-	-
Undesignated	-	544,843	258,995
Capital projects fund	-	-	-
Total fund balances	2,428,244	544,843	258,995
<b>Total liabilities and fund balances</b>	<b>\$ 5,745,389</b>	<b>1,203,236</b>	<b>2,189,591</b>

See notes to financial statements.

Secondary Roads	Urban Renewal	Capital Projects	Nonmajor	Total
844,947	33,183	4,762,309	1,631,348	10,613,384
-	-	-	32	1,966
-	774,000	-	103,000	6,385,000
-	-	-	-	639
10,539	-	-	-	52,568
-	-	-	57,329	85,806
136	-	-	-	136
241,464	-	-	162,162	466,268
480,156	-	-	-	480,156
32,305	-	-	-	85,203
-	-	-	-	100,000
1,609,547	807,183	4,762,309	1,953,871	18,271,126
122,845	-	587,287	774	831,083
37,867	-	-	-	100,223
-	-	-	-	136
1,164	-	-	-	183,314
-	774,000	-	103,000	6,385,000
54,050	-	-	32	87,397
215,926	774,000	587,287	103,806	7,587,153
-	-	-	-	88,801
-	-	-	118,782	118,782
-	-	-	-	100,000
-	-	-	-	2,239,443
-	-	-	375,000	375,000
1,393,621	33,183	-	1,356,283	3,586,925
-	-	4,175,022	-	4,175,022
1,393,621	33,183	4,175,022	1,850,065	10,683,973
1,609,547	807,183	4,762,309	1,953,871	18,271,126

**Poweshiek County**

Poweshiek County

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

June 30, 2009

**Total governmental fund balances (page 19)** \$ 10,683,973

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$21,419,795 and the accumulated depreciation is \$5,835,590. 15,584,205

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 87,397

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 629,669

Long-term liabilities, including general obligation local option sales tax bonds payable, compensated absences payable, other postemployment benefits payable and landfill postclosure care payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (8,379,157)

**Net assets of governmental activities (page 16)** \$ 18,606,087

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2009

	Special Revenue		
	General	Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 2,810,618	425,187	1,815,347
Penalty and interest on property tax	60,255	-	-
Intergovernmental	486,680	1,621,196	274,364
Licenses and permits	1,478	-	12,803
Charges for service	357,813	-	92,784
Use of money and property	214,092	-	-
Fines, forfeitures and defaults	-	-	-
Miscellaneous	5,242	9,323	620
Total revenues	<u>3,936,178</u>	<u>2,055,706</u>	<u>2,195,918</u>
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	1,202,397	-	923,447
Physical health and social services	374,750	-	27,607
Mental health	-	1,664,633	-
County environment and education	338,559	-	55,047
Roads and transportation	-	-	-
Governmental services to residents	646,488	-	4,535
Administration	902,354	-	41,750
Non-program	281,254	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>3,745,802</u>	<u>1,664,633</u>	<u>1,052,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>190,376</u>	<u>391,073</u>	<u>1,143,532</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	850,000	-	-
Operating transfers out	(419,384)	-	(1,350,262)
General obligation bonds issued	-	-	-
Discount on general obligation bonds	-	-	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>430,616</u>	<u>-</u>	<u>(1,350,262)</u>
Net change in fund balances	620,992	391,073	(206,730)
Fund balances beginning of year	<u>1,807,252</u>	<u>153,770</u>	<u>465,725</u>
Fund balances end of year	<u>\$ 2,428,244</u>	<u>544,843</u>	<u>258,995</u>

See notes to financial statements.

Secondary Roads	Urban Renewal	Capital Projects	Nonmajor	Total
-	429,120	-	992,050	6,472,322
-	-	-	-	60,255
2,749,611	-	-	95,458	5,227,309
51,583	-	-	-	65,864
-	-	-	49,474	500,071
215	-	-	97,022	311,329
-	-	-	28,579	28,579
19,630	-	-	20,234	55,049
<u>2,821,039</u>	<u>429,120</u>	<u>-</u>	<u>1,282,817</u>	<u>12,720,778</u>
-	-	-	31,222	2,157,066
-	-	-	-	402,357
-	-	-	-	1,664,633
-	408,560	-	13,696	815,862
4,253,034	-	-	-	4,253,034
-	-	-	2,564	653,587
-	-	-	-	944,104
-	-	-	-	281,254
-	-	-	706,663	706,663
729,790	-	3,249,854	166,589	4,146,233
<u>4,982,824</u>	<u>408,560</u>	<u>3,249,854</u>	<u>920,734</u>	<u>16,024,793</u>
(2,161,785)	20,560	(3,249,854)	362,083	(3,304,015)
1,802,306	-	300,000	612,003	3,564,309
-	(361,160)	(770,000)	(663,503)	(3,564,309)
-	-	7,950,000	-	7,950,000
-	-	(70,279)	-	(70,279)
40,000	-	-	-	40,000
<u>1,842,306</u>	<u>(361,160)</u>	<u>7,409,721</u>	<u>(51,500)</u>	<u>7,919,721</u>
(319,479)	(340,600)	4,159,867	310,583	4,615,706
<u>1,713,100</u>	<u>373,783</u>	<u>15,155</u>	<u>1,539,482</u>	<u>6,068,267</u>
<u>1,393,621</u>	<u>33,183</u>	<u>4,175,022</u>	<u>1,850,065</u>	<u>10,683,973</u>

Poweshiek 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)** \$ 4,615,706

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

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

Expenditures for capital assets	\$ 4,191,913	
Capital assets contributed by the Iowa Department of Transportation	1,207,834	
Depreciation expense	<u>(604,000)</u>	4,795,747

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (41,630)

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	(1,995)	
Other	<u>(46,479)</u>	(48,474)

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

Issued	(7,950,000)	
Repaid	<u>499,223</u>	(7,450,777)

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	(5,147)	
Other postemployment benefits	<u>(216,846)</u>	(221,993)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 278,315

**Change in net assets of governmental activities (page 17)** \$ 1,926,894

See notes to financial statements.

Poweshiek County  
 Statement of Net Assets  
 Proprietary Fund  
 June 30, 2009

	Internal Service - Employee Group Health
<b>Assets</b>	
Cash and cash equivalents	\$ 870,183
<b>Liabilities</b>	
Accounts payable	140,514
Advance from General Fund	100,000
Total liabilities	240,514
<b>Net Assets</b>	
Unrestricted	\$ 629,669

See notes to financial statements.

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

Year ended June 30, 2009

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 985,630
Reimbursements from employees and others		162,479
Insurance reimbursements		40,107
Total operating revenues		<u>1,188,216</u>
Operating expenses:		
Medical claims	\$ 682,154	
Insurance premiums	177,660	
Administrative fees	50,199	
Miscellaneous	7,723	917,736
Operating income		<u>270,480</u>
Non-operating revenues:		
Interest income		7,835
Net income		<u>278,315</u>
Net assets beginning of year		<u>351,354</u>
Net assets end of year		<u><u>\$ 629,669</u></u>

See notes to financial statements.

Poweshiek County  
 Statement of Cash Flows  
 Proprietary Fund  
 Year ended June 30, 2009

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 985,630
Cash received from employees and others	202,586
Cash paid to suppliers for services	<u>(897,222)</u>
Net cash provided by operating activities	290,994
Cash flows from investing activities:	
Interest on investments	<u>7,835</u>
Net increase in cash and cash equivalents	298,829
Cash and cash equivalents beginning of year	<u>571,354</u>
Cash and cash equivalents end of year	<u>\$ 870,183</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating income	\$ 270,480
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>20,514</u>
Net cash provided by operating activities	<u>\$ 290,994</u>

See notes to financial statements.

## Poweshiek County

Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2009

**Assets**

Cash and pooled investments:

County Treasurer	\$ 1,340,001
Other County officials	39,498

Receivables:

Property tax:

Delinquent	5,128
Succeeding year	20,924,000

Accounts	26,105
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Accrued interest	79
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Succeeding year special assessments	19,786
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Due from other governments	9,086
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<b>Total assets</b>	<u>22,363,683</u>
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**Liabilities**

Accounts payable	3,586
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Salaries and benefits payable	7,956
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Due to other governments	22,292,533
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Trusts payable	43,621
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Compensated absences	15,987
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<b>Total liabilities</b>	<u>22,363,683</u>
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<b>Net assets</b>	<u><u>\$ -</u></u>
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See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2009

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

Poweshiek 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, Poweshiek County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

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.

The Urban Renewal Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is 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 fund of the County applies 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 Fund 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.

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

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

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	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Equipment	3 - 20
Vehicles	5 - 15

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Secondary Roads and Sanitary Disposal 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.

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 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. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the debt service function and disbursements exceeded the amount appropriated in one department.

**(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 \$5,062,976 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Due From and Due To Other Funds**

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

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	General Fund	\$ 136

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

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 770,000
	Debt Service	80,000
		<u>850,000</u>
Special Revenue: Secondary Roads	General	119,384
	Special Revenue: Rural Services	1,321,762
	Urban Renewal	361,160
		<u>1,802,306</u>
Sanitary Disposal	Special Revenue: Rural Services	28,500
Debt Service	Special Revenue: Local Option Sales Tax	583,503
Capital Projects	General	<u>300,000</u>
Total		<u>\$ 3,564,309</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</u>			<u>Balance</u>
	<u>Beginning of</u>		<u>Decreases</u>	<u>End</u>
	<u>Year</u>	<u>Increases</u>		<u>of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,386,380	140,927	-	1,527,307
Construction in progress	1,358,375	5,171,540	(1,457,358)	5,072,557
Total capital assets not being depreciated	<u>2,744,755</u>	<u>5,312,467</u>	<u>(1,457,358)</u>	<u>6,599,864</u>
Capital assets being depreciated:				
Buildings	1,720,533	-	-	1,720,533
Equipment and vehicles	5,915,026	112,830	(158,950)	5,868,906
Infrastructure	5,773,134	1,457,358	-	7,230,492
Total capital assets being depreciated	<u>13,408,693</u>	<u>1,570,188</u>	<u>(158,950)</u>	<u>14,819,931</u>
Less accumulated depreciation for:				
Buildings	846,603	38,613	-	885,216
Equipment and vehicles	3,844,972	334,059	(91,770)	4,087,261
Infrastructure	631,785	231,328	-	863,113
Total accumulated depreciation	<u>5,323,360</u>	<u>604,000</u>	<u>(91,770)</u>	<u>5,835,590</u>
Total capital assets being depreciated, net	<u>8,085,333</u>	<u>966,188</u>	<u>(67,180)</u>	<u>8,984,341</u>
Governmental activities capital assets, net	<u>\$ 10,830,088</u>	<u>6,278,655</u>	<u>(1,524,538)</u>	<u>15,584,205</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 62,424
Physical health and social services	1,971
Mental health	16,882
County environment and education	30,367
Roads and transportation	471,818
Administration	<u>20,538</u>
Total depreciation expense - governmental activities	<u>\$ 604,000</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	\$ 19,645
Special Revenue:		
Mental Health	Services	162,405
Rural Services	Services	100
Secondary Roads	Services	1,164
Total for governmental funds		<u>\$ 183,314</u>
Agency:		
County Assessor	Collections	\$ 683,120
Schools		12,201,957
Community Colleges		1,701,733
Corporations		6,644,838
Auto License and Use Tax		383,472
All other		677,413
Total for agency funds		<u>\$ 22,292,533</u>

**(7) Long-Term Liabilities**

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

	General Obligation Capital Loan Notes	General Obligation Notes	General Obligation Local Option Sales Tax Bonds	Compensated Absences	Estimated Liability for Landfill Postclosure Care	Net OPEB Liability	Total
Balance beginning of year	\$ 25,000	84,223	-	222,164	375,000	-	706,387
Increases	-	-	7,950,000	682,894	-	216,846	8,849,740
Decreases	25,000	84,223	390,000	677,747	-	-	1,176,970
Balance end of year	<u>\$ -</u>	<u>-</u>	<u>7,560,000</u>	<u>227,311</u>	<u>375,000</u>	<u>216,846</u>	<u>8,379,157</u>
Due within one year	<u>\$ -</u>	<u>-</u>	<u>295,000</u>	<u>195,119</u>	<u>-</u>	<u>-</u>	<u>490,119</u>

General Obligation Capital Loan Notes

During the year ended June 30, 2007, the County issued \$50,000 of general obligation capital loan notes to pay the costs of acquiring patrol cars for the Sheriff's Office. During the year ended June 30, 2009, the County retired the remaining \$25,000 of notes.

General Obligation Notes

On July 15, 2005, the County issued \$595,085 of general obligation notes to pay the costs of acquiring voting equipment, computer equipment and patrol cars for the Sheriff's Office. During the year ended June 30, 2009, the County paid the remaining \$84,223 of notes.

General Obligation Local Option Sales Tax Bonds

During the year ended June 30, 2009, the County issued \$7,950,000 of general obligation local option sales tax bonds for the purpose of constructing, furnishing and equipping a Public Safety building. A summary of the bonded indebtedness is as follows:

Year ending June 30,	Series 2008			
	Issued Oct 15, 2008			
	Interest Rates	Principal	Interest	Total
2010	3.85%	\$ 295,000	308,920	603,920
2011	3.85	310,000	297,563	607,563
2012	3.85	320,000	285,628	605,628
2013	3.85	330,000	273,308	603,308
2014	3.85	345,000	260,603	605,603
2015-2019	3.90-4.050	1,935,000	1,091,120	3,026,120
2020-2024	4.10-4.25	2,355,000	667,509	3,022,509
2025-2027	4.25-4.40	1,670,000	147,851	1,817,851
Total		\$ 7,560,000	3,332,502	10,892,502

During the year ended June 30, 2009, the County retired \$390,000 of bonds.

The County has pledged future local option sales tax receipts to repay \$7,950,000 of general obligation local option sales tax bonds issued in October 2008. Proceeds from the bonds provided financing for the construction of the Public Safety building. The bonds are payable from local option sales tax receipts and, if receipts are insufficient, an annual supplemental property tax levy and are payable through 2027. If the annual local option sales tax receipts are insufficient at March 15 for payment of principal and interest on the bonds, a property tax will be levied for the next fiscal year. Annual principal and interest payments on the bonds required 74% of net receipts. The total principal and interest remaining to be paid on the notes is \$10,892,502. For the current year, principal and interest paid and total local option sales tax were \$593,359 and \$802,996, respectively.

The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will be redeemed from the future collections of local option sales tax receipts and, as needed in order to supplement the local option sales tax receipts, an annual property tax levy.
- (b) The local option sales tax receipts shall be deposited in a Local Option Sales Tax Revenue Fund (Revenue Fund), which shall be used and disbursed as hereinafter to pay the principal and interest on the bonds.

- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. No later than March 15 of each year, the Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, a property tax will be levied for the next fiscal year.

**(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 \$ 236,763, \$213,513 and \$196,348, respectively, equal to the required contributions for each year.

**(9) Other Postemployment Benefits (OPEB)**

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

Plan Description. The County operates a single-employer retiree benefit plan which provides medical, dental and vision benefits for retirees and their spouses. There are 86 active and 5 retired members in the plan. Participants must be age 55 or older at retirement, with the exception of special service participants who must be age 51 with 22 years of service or elected officials who must be age 57 with 8 years of service.

The health coverage, which is a self-funded health plan, is administered by Auxiant. Retirees under age 65 pay the same premium for the medical, dental and vision benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The County also offers an early retirement program which results in an explicit subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 305,679
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>305,679</u>
Contributions made	<u>(88,833)</u>
Increase in net OPEB obligation	216,846
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 216,846</u>

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

For the year ended June 30, 2009, the County contributed \$88,833 to the health plan.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 305,679	29.1%	216,846

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$2,994,564 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,994,564. The covered payroll (annual payroll of active employees covered by the plan) was \$3,256,259 and the ratio of the UAAL to covered payroll was 92%. As of June 30, 2009, there were no trust fund assets.

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

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

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 4.5%. The health trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **(10) Risk Management**

The County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2009 were \$176,888.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, boiler and machinery and employee blanket bond in the amount of \$1,000,000, \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Employee Health Insurance 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 Auxiant (formerly Employee Group Services, LTD.). The agreement was effective July 1, 1991 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$25,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Auxiant from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2009 was \$ 985,630.

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$140,514, 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 \$629,669 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 beginning of year	\$ 120,000
Incurred claims (including claims incurred but not reported at June 30, 2009)	(661,640)
Payment on claims during the fiscal year	<u>682,154</u>
Unpaid claims end of year	<u><u>\$ 140,514</u></u>

**(12) Postclosure Care**

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$ 375,000 as of June 30, 2009 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2009, deposits of \$375,000 held for these purposes are reported in the Special Revenue, Sanitary Disposal Fund.

**(13) Development Agreement**

The County entered into a development agreement to assist in an urban renewal project. The County agreed to rebate 100% of the incremental tax paid by the developer in exchange for the construction of a corn processing facility. The incremental tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated in twenty semi-annual payments beginning on December 1, 2003. The total to be paid by the County under this agreement is not to exceed \$2,509,260. During the year ended June 30, 2009, \$408,560 was rebated to the developer, bringing the cumulative total to \$1,502,859.

**(14) Economic Development Set-Aside Program Loan**

On September 20, 2007, the County was awarded an \$80,000 Economic Development Set-Aside Program loan on behalf of BiOva, LLC from the Iowa Department of Economic Development. The award consists of an \$80,000 forgivable loan to create 20 new full-time positions. At the project completion date, September 30, 2010, if the business has not fulfilled its job creation requirement, \$4,000 will be forgiven for each new job created. BiOva, LLC agreed funds will be returned to the County in the same ratio as the job shortfall is to the total job requirement in the event the total job creation is not met. Because the loan is to be paid from other than County resources, the loan does not constitute a liability of the County and is not reported in the financial statements.

**(15) Construction Commitment**

The County entered into a contract totaling \$6,355,000 for construction of the Public Safety building. As of June 30, 2009, costs of \$2,654,843 on the project have been incurred. The \$3,700,157 balance remaining on the project at June 30, 2009 will be paid as work on the project progresses.

**Required Supplementary Information**

**Poweshiek County**

Poweshiek County

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

Required Supplementary Information

Year ended June 30, 2009

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
<b>Receipts:</b>				
Property and other county tax	\$ 6,342,044	6,265,816	6,273,816	68,228
Penalty and interest on property tax	63,622	43,182	43,182	20,440
Intergovernmental	5,435,918	4,935,003	5,269,385	166,533
Licenses and permits	65,509	58,600	58,600	6,909
Charges for service	500,945	506,191	506,191	(5,246)
Use of money and property	301,686	425,700	425,700	(124,014)
Miscellaneous	46,232	328,880	328,880	(282,648)
Total receipts	12,755,956	12,563,372	12,905,754	(149,798)
<b>Disbursements:</b>				
Public safety and legal services	2,156,510	2,276,351	2,342,346	185,836
Physical health and social services	393,499	435,823	445,320	51,821
Mental health	1,583,387	1,758,520	1,892,716	309,329
County environment and education	829,895	876,120	857,620	27,725
Roads and transportation	4,174,823	4,402,000	4,402,000	227,177
Governmental services to residents	652,972	767,187	767,187	114,215
Administration	936,198	1,140,798	1,150,448	214,250
Non-program	388,164	213,993	454,682	66,518
Debt service	706,663	595,588	595,588	(111,075)
Capital projects	3,732,344	7,237,367	7,609,367	3,877,023
Total disbursements	15,554,455	19,703,747	20,517,274	4,962,819
Excess (deficiency) of receipts over (under) disbursements	(2,798,499)	(7,140,375)	(7,611,520)	4,813,021
Other financing sources, net	7,919,721	5,540,000	5,540,000	2,379,721
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,121,222	(1,600,375)	(2,071,520)	7,192,742
Balance beginning of year	5,492,162	5,980,133	5,980,133	(487,971)
Balance end of year	\$ 10,613,384	4,379,758	3,908,613	6,704,771

See accompanying independent auditor's report.

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Poweshiek 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	\$ 12,755,956	(35,178)	12,720,778
Expenditures	15,554,455	470,338	16,024,793
Net	(2,798,499)	(505,516)	(3,304,015)
Other financing sources, net	7,919,721	-	7,919,721
Beginning fund balances	5,492,162	576,105	6,068,267
Ending fund balances	<u>\$ 10,613,384</u>	<u>70,589</u>	<u>10,683,973</u>

See accompanying independent auditor's report.

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$813,527. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the debt service function. Disbursements exceeded the amount appropriated in one department.

Poweshiek County

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

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Jul 1, 2008	\$ -	2,995	2,995	0.00%	\$ 3,256	92.0%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

Poweshiek County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2009

	Resource Enhancement and Protection	County Recorder's Records Management	Conservation Land Acquisition	Special Revenue County Recorder's Electronic Transaction Fee
<b>Assets</b>				
Cash and pooled investments	\$ 25,727	27,191	123,254	666
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accrued interest	10	5	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>25,737</b>	<b>27,196</b>	<b>123,254</b>	<b>666</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for postclosure care	-	-	-	-
Undesignated	25,737	27,196	123,254	666
Total fund equity	25,737	27,196	123,254	666
<b>Total liabilities and fund equity</b>	<b>\$ 25,737</b>	<b>27,196</b>	<b>123,254</b>	<b>666</b>

See accompanying independent auditor's report.

Sheriff/ Jail	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Debt Service	Total
6,149	27,219	26,513	1,237,223	95,938	61,468	1,631,348
-	-	-	-	-	32	32
-	-	-	-	-	103,000	103,000
-	-	-	-	-	57,314	57,329
	22,479	-	-	139,683	-	162,162
6,149	49,698	26,513	1,237,223	235,621	221,814	1,953,871
-	-	-	774	-	-	774
-	-	-	-	-	103,000	103,000
-	-	-	-	-	32	32
-	-	-	774	-	103,032	103,806
-	-	-	-	-	118,782	118,782
-	-	-	375,000	-	-	375,000
6,149	49,698	26,513	861,449	235,621	-	1,356,283
6,149	49,698	26,513	1,236,449	235,621	118,782	1,850,065
6,149	49,698	26,513	1,237,223	235,621	221,814	1,953,871

Poweshiek County

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

Year ended June 30, 2009

	Resource Enhancement and Protection	County Recorder's Records Management	Conservation Land Acquisition	Special Revenue County Recorder's Electronic Transaction Fee
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	18,334	-	44,303	-
Charges for service	-	4,394	45,080	-
Use of money and property	617	280	1,000	7
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	-	-	20,234	-
Total revenues	18,951	4,674	110,617	7
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	2,564	-	-
Debt service	-	-	-	-
Capital projects	46,400	-	120,189	-
Total expenditures	46,400	2,564	120,189	-
Excess (deficiency) of revenues over (under) expenditures	(27,449)	2,110	(9,572)	7
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(27,449)	2,110	(9,572)	7
Fund balances beginning of year	53,186	25,086	132,826	659
Fund balances end of year	\$ 25,737	27,196	123,254	666

See accompanying independent auditor's report.

Sheriff/ Jail	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Debt Service	Total
-	-	-	-	802,996	189,054	992,050
-	-	-	26,106	-	6,715	95,458
-	-	-	-	-	-	49,474
5,110	-	-	-	16,128	73,880	97,022
-	28,579	-	-	-	-	28,579
-	-	-	-	-	-	20,234
5,110	28,579	-	26,106	819,124	269,649	1,282,817
3,661	24,456	3,105	-	-	-	31,222
-	-	-	13,696	-	-	13,696
-	-	-	-	-	-	2,564
-	-	-	-	-	706,663	706,663
-	-	-	-	-	-	166,589
3,661	24,456	3,105	13,696	-	706,663	920,734
1,449	4,123	(3,105)	12,410	819,124	(437,014)	362,083
-	-	-	28,500	-	583,503	612,003
-	-	-	-	(583,503)	(80,000)	(663,503)
-	-	-	28,500	(583,503)	503,503	(51,500)
1,449	4,123	(3,105)	40,910	235,621	66,489	310,583
4,700	45,575	29,618	1,195,539	-	52,293	1,539,482
6,149	49,698	26,513	1,236,449	235,621	118,782	1,850,065

Poweshiek 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	\$ -	2,028	344,117	184,240	26,169
Other County officials	39,498	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	42	112	3,717	564
Succeeding year	-	134,000	360,000	12,014,000	1,675,000
Accounts	-	-	149	-	-
Accrued interest	-	-	33	-	-
Succeeding year special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 39,498</b>	<b>136,070</b>	<b>704,411</b>	<b>12,201,957</b>	<b>1,701,733</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	44	-	-
Salaries and benefits payable	-	-	6,745	-	-
Due to other governments	8,618	136,070	683,120	12,201,957	1,701,733
Trusts payable	30,880	-	-	-	-
Compensated absences	-	-	14,502	-	-
<b>Total liabilities</b>	<b>\$ 39,498</b>	<b>136,070</b>	<b>704,411</b>	<b>12,201,957</b>	<b>1,701,733</b>

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	E911	Other	Total
115,255	735	383,472	214,423	69,562	1,340,001
-	-	-	-	-	39,498
583	8	-	-	102	5,128
6,529,000	56,000	-	-	156,000	20,924,000
-	-	-	25,946	10	26,105
-	-	-	46	-	79
-	-	-	-	19,786	19,786
-	-	-	9,086	-	9,086
<b>6,644,838</b>	<b>56,743</b>	<b>383,472</b>	<b>249,501</b>	<b>245,460</b>	<b>22,363,683</b>
-	-	-	3,230	312	3,586
-	-	-	-	1,211	7,956
6,644,838	56,743	383,472	246,271	229,711	22,292,533
-	-	-	-	12,741	43,621
-	-	-	-	1,485	15,987
<b>6,644,838</b>	<b>56,743</b>	<b>383,472</b>	<b>249,501</b>	<b>245,460</b>	<b>22,363,683</b>

Poweshiek 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	\$ 35,008	127,535	671,239	11,482,720	1,625,957
Additions:					
Property and other county tax	-	134,429	361,400	12,061,879	1,686,212
E911 surcharge	-	-	-	-	-
State tax credits	-	4,703	13,072	419,852	58,571
Drivers license fees	-	-	-	-	-
Office fees and collections	375,819	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	356,444	-	-	-	-
Miscellaneous	-	-	21,396	-	-
Total additions	732,263	139,132	395,868	12,481,731	1,744,783
Deductions:					
Agency remittances:					
To other funds	240,927	-	-	-	-
To other governments	137,091	130,597	362,696	11,762,494	1,669,007
Trusts paid out	349,755	-	-	-	-
Total deductions	727,773	130,597	362,696	11,762,494	1,669,007
Balances end of year	\$ 39,498	136,070	704,411	12,201,957	1,701,733

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	E911	Other	Total
6,012,576	49,693	335,478	212,426	221,406	20,774,038
6,420,146	59,555	-	-	156,717	20,880,338
-	-	-	145,471	-	145,471
183,690	1,057	-	-	5,796	686,741
-	-	44,604	-	-	44,604
-	-	-	-	-	375,819
-	-	4,567,646	-	-	4,567,646
-	-	-	-	21,937	21,937
-	-	-	-	246,952	603,396
-	-	-	3,383	106,789	131,568
6,603,836	60,612	4,612,250	148,854	538,191	27,457,520
-	-	195,760	-	19	436,706
5,971,574	53,562	4,368,496	111,779	514,118	25,081,414
-	-	-	-	-	349,755
5,971,574	53,562	4,564,256	111,779	514,137	25,867,875
6,644,838	56,743	383,472	249,501	245,460	22,363,683

Poweshiek County

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

For the Last Nine Years

	2009	2008	2007	2006	Modified 2005
<b>Revenues:</b>					
Property and other county tax	\$ 6,472,322	5,492,645	4,933,991	4,650,738	4,651,096
Penalty and interest on property tax	60,255	52,631	40,051	40,140	39,701
Intergovernmental	5,227,309	4,509,555	4,665,290	4,791,515	3,808,111
Licenses and permits	65,864	58,143	52,630	62,216	49,213
Charges for service	500,071	497,291	488,223	500,260	494,394
Use of money and property	311,329	371,327	441,126	369,980	191,375
Fines, forfeitures and defaults	28,579	203,309	-	8,693	5,058
Miscellaneous	55,049	62,291	115,596	116,206	82,234
<b>Total</b>	<b>\$ 12,720,778</b>	<b>11,247,192</b>	<b>10,736,907</b>	<b>10,539,748</b>	<b>9,321,182</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	\$ 2,157,066	2,264,699	1,935,169	1,791,672	1,542,220
Physical health and social services	402,357	479,545	398,508	334,567	357,886
Mental health	1,664,633	1,598,022	1,504,319	1,528,126	1,521,306
County environment and education	815,862	681,074	584,009	601,071	716,213
Roads and transportation	4,253,034	4,216,740	4,203,984	3,971,113	3,627,542
Governmental services to residents	653,587	621,374	558,600	769,704	436,872
Administration	944,104	932,065	1,076,972	1,004,043	1,125,483
Non-program	281,254	210,928	190,702	134,434	104,066
Debt service	706,663	228,624	175,144	178,253	43,234
Capital projects	4,146,233	746,816	280,321	209,126	270,058
<b>Total</b>	<b>\$ 16,024,793</b>	<b>11,979,887</b>	<b>10,907,728</b>	<b>10,522,109</b>	<b>9,744,880</b>

See accompanying independent auditor's report.

Accrual Basis			
2004	2003	2002	2001
4,578,672	3,908,321	3,689,156	3,502,756
48,489	44,116	46,858	39,931
4,299,715	3,872,610	4,062,443	4,070,871
62,408	48,469	45,997	40,464
1,340,996	1,063,772	996,763	921,388
81,265	117,772	172,538	345,233
48,279	-	-	-
60,738	76,899	195,345	213,550
10,520,562	9,131,959	9,209,100	9,134,193
1,313,854	1,386,366	1,331,694	1,211,084
339,050	316,497	473,582	566,829
1,388,723	1,469,530	1,346,804	1,269,632
1,337,631	979,027	962,059	1,388,742
2,424,210	3,053,470	3,665,304	4,021,593
390,692	345,860	452,403	410,997
837,374	752,288	797,830	816,767
114,127	118,863	19,440	24,346
95,482	97,733	99,982	68,023
715,414	30,517	492,267	42,346
8,956,557	8,550,151	9,641,365	9,820,359

**Schedule 6**

Poweshiek County

Schedule of Federal Financial Assistance

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants	93.276	5H795P013065-04	<u>\$ 104,838</u>
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		<u>8,886</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	07-ED-008	<u>3,000</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO79(39)-8J-79	<u>170,850</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Safety Belt Performance Grants	20.609	09-406, Task 134	<u>4,000</u>
U.S. General Services Administration:			
Iowa Secretary of State:			
Election Reform Payments	39.011		<u>2,100</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5889OB16	<u>7,074</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>8,229</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>14</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,341</u>
Foster Care - Title IV-E	93.658		<u>4,950</u>
Adoption Assistance	93.659		<u>1,197</u>
Children's Health Insurance Program	93.767		<u>68</u>
Medical Assistance Program	93.778		<u>10,821</u>
Social Services Block Grant	93.667		<u>5,393</u>
Social Services Block Grant	93.667		<u>72,499</u>
			<u>77,892</u>

Poweshiek County  
 Schedule of Federal Financial Assistance  
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
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	1763-DR-IA	105,021
Emergency Management Performance Grants	97.042		16,194
Homeland Security Region I:			
State Homeland Security Program (SHSP)	97.073		2,564
Total Indirect			425,201
Total			\$ 530,039

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

**Poweshiek County**



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

David A. Vaudt, CPA  
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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 Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek 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 8, 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 Poweshiek 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 Poweshiek County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Poweshiek 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 Poweshiek 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 Poweshiek County's financial statements that is more than inconsequential will not be prevented or detected by Poweshiek 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 Poweshiek 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-D-09 and II-E-09 are material weaknesses.

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Poweshiek 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 Poweshiek 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 Poweshiek County and other parties to whom Poweshiek 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 Poweshiek 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 8, 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**

**Poweshiek 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 Poweshiek County:

Compliance

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

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

Internal Control Over Compliance

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

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

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

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

Poweshiek County's responses to the 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 Poweshiek 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 Poweshiek County and other parties to whom Poweshiek 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 8, 2010

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

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over a major program were disclosed by the audit of the financial statements, which were not considered to be material weaknesses.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each of the major programs.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 93.276 – Drug-Free Communities Support Program Grants
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Poweshiek County did not qualify as a low-risk auditee.

Poweshiek 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 activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Generally, one individual in the Sheriff's Office, the Recorder's Office, the Engineer's Office, the Central Point Coordinator's Office, the Conservation Office and the Sanitarian's Office may have control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. In the Recorder's Office, the mail opener does not prepare a listing of mail receipts. In addition, bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements in the Sheriff's Office and the Recorder's Office.

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

An employee who is not authorized to make entries to the accounting records should open all incoming mail. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash. The bank reconciliations should then be reviewed by an independent person with no responsibility for receipts and disbursements, with the review documented by the initials or signature of the reviewer and the date of the review.

Responses –

Sheriff's Office – Segregation of duties is difficult with few employees. We will attempt to segregate duties as best possible.

Recorder's Office – We have tried to segregate duties as much as possible. However, due to shortage of staff we have found it very time consuming and disruptive to segregate all duties. All employees are cross-trained, which is a plus to our operation. We will work on finding areas where we can further segregate duties. Bank accounts are reconciled monthly by an individual who does not sign checks. The reconciliations are reviewed by a separate individual. From now on, the individual doing the review will initial the reconciliation.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Engineer's Office – All receipts received by Laura are now reviewed by Keith. Furthermore, a report will be given to the Board of Supervisors on a monthly basis.

Central Point Coordinator's (CPC) Office – All monies received in the CPC office are receipted in by the administrative assistant and reviewed and monitored by the CPC administrator. In addition, a receipt log will be maintained and dispersed to the Board of Supervisors.

Conservation Office – The Conservation department has a very small staff consisting of three full time employees. The Director is the only staff member normally in the office. The other two employees (park rangers) are usually in the field working and have very little contact with the Director during the course of the day.

Sanitarian's Office – I will try to work with the County Engineers office to segregate duties.

Conclusions –

Sheriff's Office – Response accepted.

Recorder's Office – Response acknowledged. Monthly bank reconciliations should include a list of outstanding checks, deposits in transit and any other items required to reconcile bank and book balances.

Engineer's Office – Response accepted.

Central Point Coordinator's (CPC) Office – Response accepted.

Conservation Office – Response acknowledged. For offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions.

Sanitarian's Office – Response accepted.

II-B-09 Information Systems – The County does not have a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – A written disaster recovery plan will be developed. We will work with the EMS Director.

Conclusion – Response accepted.

II-C-09 Capital Assets – A physical observation of capital assets was not performed during the year ended June 30, 2009 in accordance with the County's policy.

Recommendation – Capital assets should be tested periodically by an employee having no responsibility for assets.

Response – Capital assets will be tested. Departments will each report assets.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-D-09 Protective Payee Operations – The County has been designated “protective payee” by the Social Security Administration, the Iowa Department of Human Services and/or the courts for 24 clients who need assistance in managing their day to day finances. Generally, one individual may have control over collecting and depositing receipts. Checks written from payee accounts are prepared, approved, signed and mailed by the same person. Bank reconciliations for each payee account are prepared by a person with access to client records and review by an independent person was not documented for six months of fiscal year 2009. Checks written from the client accounts were not always supported by appropriate documentation.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, County officials should review the operating procedures to obtain the maximum internal control possible under the circumstances. Independent review of reconciliations should be documented. Supporting documentation should be required and maintained for all checks written from the client accounts.

Response – Appropriate documentation from all payee clients is requested however is not always obtainable. To the best of my ability supporting documentation of some extent is provided. There are two individuals in the CPC office who are signers on the payee account; the administrative assistant reconciles the account monthly. An independent person in the County Auditor’s office reviews all transactions on the account. The CPC office has implemented a receipt log of all checks picked up by the client (or their designated service provider).

Conclusion – Response acknowledged. Appropriate documentation should support all checks written from client accounts.

II-E-09 Financial Reporting – During the audit, we identified material amounts of receivables not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables are identified and coded properly in the County’s financial statements.

County Engineer Response – We have submitted the request for reimbursement to the Iowa Department of Transportation. In the future, we will try to report all receivables.

Conclusions – Response accepted.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-F-09 Timesheet Approval – Timesheets are not approved by a supervisor for the secondary roads department.

Recommendation – The timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor or the engineer. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days. Although the engineer does sign off on a recap sheet, which shows total hours worked for all employees, this cursory review would not detect any problems or inaccuracies in reporting hours worked.

Response – The system we had in place to verify timecards was deemed insufficient. We are working to develop a new system to approve timecards. Most likely, timecards will be reviewed by people who are closer to the workforce and will be done on a weekly basis.

Conclusion – Response accepted.

II-G-09 Credit Cards – The County has credit cards for use by various employees while on County business. The County has not adopted a policy to regulate the use of the credit cards.

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

Response – A county credit card policy will be developed.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

**CFDA Number 93.276: Drug-Free Communities Support Program Grants**  
**Pass-through Number: 5H79SP013065-04**  
**Federal Award Year: 2009**  
**U.S. Department of Health and Human Services**

III-A-09 Allowable Cost Principles – OMB Circular A-133 requires all charges to a federal grant represent actual costs. Poweshiek County acts as a fiscal agent for the Poweshiek County Healthy Choices Coalition. During fiscal year 2009, Poweshiek County Healthy Choices Coalition submitted the same invoice to the County for payment twice, resulting in a \$4,116 overpayment and subsequent reimbursement from the U.S. Department of Health and Human Services.

Recommendation – The County should ensure expenditures represent actual costs. In addition, the County should contact the U. S. Department of Health and Human Services to determine the appropriate resolution, including reimbursement of the overpayment.

Response – We have contacted the parties involved and will work with U.S. Department of Health and Human Services to reimburse the overpayment.

Conclusion – Response accepted.

III-B-09 Matching Requirements – The grant agreement requires the County, through Poweshiek County Healthy Choices Coalition, to provide an in-kind match. The Coalition prepares quarterly tracking forms to record the in-kind match. Two of the four quarterly tracking forms could not be located.

Recommendation – The County should ensure matching requirements are documented, supported and retained.

Response – The County will monitor requirements more closely.

Conclusion – Response accepted.

Poweshiek 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 exceeded the amount budgeted in the debt service function. Disbursements exceeded the amount appropriated in one department.

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

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease the appropriation of one office of department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – Disbursements will not exceed appropriations without authorization, by Resolution. We will amend the budget when required before exceeding the function areas.

Conclusion – Response accepted.

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
Eleanor Snook, Board Member, Daughter is owner of Ellie's Soda Fountain	Jail meals	\$ 30,041
Brad Cranmer, Deputy Sheriff, owner of B3 Computers	Computer and supplies	7,113
Jeff Morrison, Deputy Sheriff, Father is owner of Morrison Enterprise, Inc	Car repair and maintenance	4,772

The transactions with Ellie's Soda Fountain do not appear to represent a conflict of interest since the contract was entered into prior to Ms. Snook taking office.

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with B3 Computers and Morrison Enterprise, Inc. may represent conflicts of interest since the total transactions exceeded \$1,500 per individual during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – County will consult legal council.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of 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 investments 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.

An initial listing of receipts is not compared with the cash receipts records and the bank deposit by an independent person not involved in maintaining the accounting records.

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

Response – The money is receipted and deposited by the office assistant. The listing of receipts and the bank deposits are now compared by the accountant to verify all money receipted has been deposited.

Conclusion – Response accepted.

- IV-J-09 E-911 Claims – Chapter 34A.7(4) of the Code of Iowa states, in part, “Moneys in an E911 service fund may only be used for nonrecurring and recurring costs of the E911 service plan as approved by the program manager.” Further, Chapter 34A.2(7)(e)(2) states, in part, “Costs do not include expenditures for any other purpose, and specifically exclude costs attributable to other emergency services or expenditures for buildings or personnel, except for the costs of personnel for database management and personnel directly associated with addressing.”

The E-911 coordinator submitted a claim for \$2,073 to the Board of Supervisors monthly. However, the claims did not include any supporting documentation, such as hours worked or specific services provided. The signed letter of understanding between the Coordinator and the E-911 Board does not include

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

expectations for the number of hours to be worked or any documentation of the work to be done to permit the E-911 Board to manage the arrangement. Accordingly, it can not be determined whether the services provided are allowable under the statutory language cited above.

Recommendation – Chapter 331.504(8) of the Code of Iowa requires claims, before being audited or paid, to be itemized to clearly show the basis of the claim and whether for property sold or furnished for services rendered or for another purpose. The County received legal advice dated July 20, 2004 on this issue. The claims should have proper supporting documentation, including documentation of the work performed, to allow the E-911 Board and the County Board of Supervisors to determine whether the disbursement meets the statutory criteria necessary for allowing payment from the E-911 Services Fund.

In addition, any future agreements should have established benchmarks or hours to be worked and documentation of the services to be provided.

Response – Supervisors will inform E911 Board that documentation will be required to be submitted.

Conclusion – Response accepted.

IV-K-09 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Sheriff.

Recommendation – The County Sheriff should obtain and retain an image of both the front and back of each cancelled check as required.

Responses – We will contact the bank to obtain the front and back of checks in the future.

Conclusion – Response accepted.

IV-L-09 Property Tax on County Owned Farm Land – Chapter 427.1(2) of the Code of Iowa states the property of a County, when devoted to public use and not held for pecuniary profit, shall not be taxed. The County holds farm land which is leased out annually for profit.

Recommendation – The County should remit property tax on the farm land leased for profit.

Response – Supervisors will contact County Assessor to assess property for taxation.

Conclusion – Response accepted.

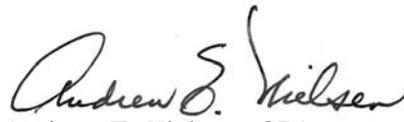
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Poweshiek County

Staff

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