



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

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**NEWS RELEASE**

FOR RELEASE

April 26, 2010

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

The County had local tax revenue of \$35,262,775 for the year ended June 30, 2009, which included \$1,299,110 in tax credits from the state. The County forwarded \$28,515,714 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,747,061 of the local tax revenue to finance County operations, a 5% increase over the prior year. Other revenues included charges for service of \$3,873,350, operating grants, contributions and restricted interest of \$5,388,182, capital grants, contributions and restricted interest of \$3,764,682, local option sales tax of \$816,876, unrestricted investment earnings of \$234,238 and other general revenues of \$323,453.

Expenses for County operations totaled \$17,717,755, a 2.4% decrease from the prior year. Expenses included \$5,643,909 for roads and transportation, \$2,729,530 for public safety and legal services and \$2,516,089 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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**BOONE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2009**

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**Boone County**  
**Officials**  
**(Before January 2009)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David W. Reed	Board of Supervisors	Jan 2009
Albert G. Sorenson	Board of Supervisors	Jan 2009
Mike O'Brien	Board of Supervisors	Jan 2011
Philippe Meier	County Auditor	Jan 2009
Darcy Bosch	County Treasurer	Jan 2011
Sheryl Thul	County Recorder	Jan 2011
Ronald Fehr	County Sheriff	Jan 2009
Jim Robbins	County Attorney	Jan 2011
Kathleen A. Anderson	County Assessor	Jan 2013

**(After January 2009)**

Mike O'Brien	Board of Supervisors	Jan 2011
William Lusher	Board of Supervisors	Jan 2013
Thomas Foster	Board of Supervisors	Jan 2013
Philippe Meier	County Auditor	Jan 2013
Darcy Bosch	County Treasurer	Jan 2011
Sheryl Thul	County Recorder	Jan 2011
Ronald Fehr	County Sheriff	Jan 2013
Jim Robbins	County Attorney	Jan 2011
Kathleen A. Anderson	County Assessor	Jan 2013

**Boone County**



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Independent Auditor's Report

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone 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 Boone County's management. Our responsibility is to express opinions on these financial statements based on our audit.

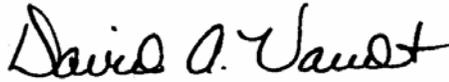
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, the business type activities, each major fund and the aggregate remaining fund information of Boone 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 10, 2010 on our consideration of Boone 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 20 and 56 through 60 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 Boone 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 nine years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 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 10, 2010

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

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Boone County provides this Management's Discussion and Analysis of the Boone County fiscal year (FY) 2009 financial statements. The purpose of this portion of the financial report is to discuss an overview of the activities of the year to augment the numbers presented in the balance of the report. It is hoped this section will assist readers in understanding the events that significantly affected the financial position of Boone County as a whole.

This is the seventh year Boone County has reported all activities on a full accrual basis, as required by the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34. This year's financial information will be compared to FY2008 information.

### **FISCAL YEAR 2009 FINANCIAL HIGHLIGHTS**

- Boone County's governmental activities revenues increased \$2,881,166, or 17.8%, compared to FY2008. Taxes levied on property increased \$302,771, or 4.7%, from FY2008.
- Boone County's governmental activities expenses decreased \$287,970, or 1.8%, compared to FY2008.
- Boone County's net assets increased approximately \$3,430,000 over FY2008. \$2,226,317 of the increase is due to the addition of High Trestle Trail as an asset of Boone County for which no county funds were expended.

### **USING THIS ANNUAL REPORT**

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required and other supplementary information. The financial statements include two kinds of statements that present different views of Boone County.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about Boone County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of Boone County, reporting Boone County's operations in more detail than the government-wide statements.
- The governmental funds statements explain how basic services, such as mental health and secondary road maintenance and construction, were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short term and long term financial information about activities Boone County operates like a business. In Boone County, the landfill operations are the only enterprise reported as a proprietary fund.
- Fiduciary funds statements provide information about financial relationships for which Boone County acts solely as a trustee or agent to benefit others. Examples of these funds include Empowerment Funds, Emergency Management Funds and tax funds collected and distributed to schools, cities and other taxing authorities.

The financial statements also include notes to explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of Boone County's budget for FY2009, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan. Other supplementary information provides detailed information about nonmajor governmental funds and agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY AS A WHOLE**

### *Government-wide Financial Statements*

The government-wide financial statements report information about Boone County as a whole using accounting methods similar to those used in private-sector companies. The Statement of Net Assets includes all of Boone County's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash was received or paid.

The two government-wide financial statements report Boone County's net assets and how they have changed. Net assets - the difference between Boone County's assets and liabilities - are one way to measure Boone County's financial health or position.

- Over time, increases or decreases in Boone County's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess Boone County's overall financial health, readers need to consider Boone County's property tax base and the condition of its buildings and other facilities.

In the government-wide financial statements, Boone County's activities are divided into two categories:

- **Governmental activities:** Boone County's basic services are included here, including 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.
- **Business type activities:** The Boone County Landfill charges fees to cover the services it provides. The Boone County Landfill's financial information is presented here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about Boone County's funds, focusing on its most significant or "major" funds - not Boone County as a whole. Funds are accounting devices Boone County uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and bond covenants.
- Boone County establishes other funds to control and manage money for particular purposes or to show it is properly using certain revenues, such as federal grants.

Boone County has three types of funds:

1) Governmental Funds: Most of Boone County’s basic services are included in governmental funds, which generally focus on: 1) How cash and other financial assets which can readily be converted to cash flow in and out and 2) the balances left over at year-end that are available to provide future spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine if there are more or fewer financial resources that can be spent in the near future to finance Boone County’s programs. Because this information does not encompass the additional long term focus of the government-wide statements, additional information on Exhibit D and Exhibit F explain the relationship or differences between the two statements. Boone County’s governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

2) Proprietary Funds: Boone County’s enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. Boone County has three enterprise funds, Landfill Operations Fund, Landfill Closure/Postclosure Fund and Ground Water Tax Fund.

3) Fiduciary Funds: Boone County is the trustee, or fiduciary, for assets belonging to others, such as Trustee Drainage Districts, Emergency Management Services, County Assessor, Empowerment and all the agency funds necessary to collect and distribute property taxes to schools, cities and other taxing authorities. Boone County is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Boone County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds report a liability for amounts due to other governments and, therefore, the fiduciary funds do not report a fund balance.

**BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Boone County’s net assets for FY2009 totaled \$40,073,108. Net assets on June 30, 2008 were \$36,643,021. Net assets increased 9.4% as a result of FY2009 Boone County operations.

Net Assets of Boone County Activities						
	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
	Current and other assets	\$ 14,248,194	13,514,106	4,217,577	3,832,011	18,465,771
Capital assets	33,859,025	31,062,922	2,718,048	2,960,248	36,577,073	34,023,170
Total assets	48,107,219	44,577,028	6,935,625	6,792,259	55,042,844	51,369,287
Long-term liabilities	4,925,460	5,209,343	2,115,540	1,880,833	7,041,000	7,090,176
Other liabilities	7,703,010	7,540,434	225,726	95,656	7,928,736	7,636,090
Total liabilities	12,628,470	12,749,777	2,341,266	1,976,489	14,969,736	14,726,266
Net assets:						
Invested in capital assets, net of related debt	29,268,995	26,171,946	2,718,048	2,960,248	31,987,043	29,132,194
Restricted	3,569,333	2,975,049	54,871	126,065	3,624,204	3,101,114
Unrestricted	2,640,421	2,680,256	1,821,440	1,729,457	4,461,861	4,409,713
Total net assets	\$ 35,478,749	31,827,251	4,594,359	4,815,770	40,073,108	36,643,021

Net assets increased \$3,430,087 compared to FY2008. The largest portion of Boone County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less related debt. The major increase this year is the addition of the bike trail in southern Boone County, which included land purchased by the Iowa Heritage Foundation and trail development from grant funding provided through Polk County that now has become a Boone County asset. The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for spending. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may 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, legislation or other legal requirements – total \$4,461,861. Unrestricted net assets increased \$52,148, or 1.2%, as a result of FY2009 operations.

The following table entitled “Changes in Net Assets of Boone County Activities” compares in greater detail the changes in activity. Looking at the County as a whole, readers will note revenues increased approximately 15.8% and expenses decreased approximately 2.4%. Revenues of the County as a whole increased \$2,885,803 compared to FY2008. Operating grants increased \$532,419 while capital grants increased \$3,046,816 and represent grant funding for the bike trail. The general revenues of the County were materially static except for a marked decrease in gain on sale of capital assets compared to FY2008 because of the sale of county farm land the previous fiscal year. Program expenses for public safety increased \$1,547, physical health and social services increased 10.7%, mental health decreased 15.9% as the County had accrued and paid a claim in FY2008 for a client who had been served by another government for several years who was finally determined to be a Boone County responsibility, county environment and education increased 1.3%, roads and transportation decreased 2.3%, governmental services to residents increased 18.7% and administration increased 7.8% and reflects a continued investment in infrastructure of computer systems. Administration also increased 22.8% from FY2007 to FY2008. Solid waste expenses decreased \$154,027, or 6.3%, compared to FY2008.

Changes in Net Assets of Boone County Activities						
	Governmental		Business Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for service	\$ 1,854,757	1,891,438	2,018,593	1,984,203	3,873,350	3,875,641
Operating grants, contributions and restricted interest	5,388,182	4,855,763	-	-	5,388,182	4,855,763
Capital grants, contributions and restricted interest	3,764,682	699,124	-	18,742	3,764,682	717,866
General revenues:						
Property tax - general purposes	5,976,568	5,686,570	-	-	5,976,568	5,686,570
Property tax - debt service	499,293	460,593	-	-	499,293	460,593
Tax increment financing	6,976	-	-	-	6,976	-
Penalty and interest on property tax	97,965	100,481	-	-	97,965	100,481
State tax credits	264,224	276,978	-	-	264,224	276,978
Local option sales tax	816,876	827,151	-	-	816,876	827,151
Grants and contributions not						
restricted to specific purposes	72,853	71,581	-	-	72,853	71,581
Unrestricted investment earnings	209,469	215,966	24,769	53,275	234,238	269,241
Gain on disposition of capital assets	46,558	1,052,158	-	5,425	46,558	1,057,583
Miscellaneous	83,157	62,591	22,920	-	106,077	62,591
Total revenues	19,081,560	16,200,394	2,066,282	2,061,645	21,147,842	18,262,039

Program expenses:						
Public safety and legal services	2,729,530	2,727,983	-	-	2,729,530	2,727,983
Physical health and social services	708,573	639,818	-	-	708,573	639,818
Mental health	2,516,089	2,990,749	-	-	2,516,089	2,990,749
County environment and education	934,536	922,584	-	-	934,536	922,584
Roads and transportation	5,643,909	5,778,551	-	-	5,643,909	5,778,551
Governmental services to residents	597,084	503,128	-	-	597,084	503,128
Administration	2,043,763	1,895,633	-	-	2,043,763	1,895,633
Interest on long-term debt	256,578	259,586	-	-	256,578	259,586
Solid waste	-	-	2,287,693	2,441,720	2,287,693	2,441,720
Total expenses	15,430,062	15,718,032	2,287,693	2,441,720	17,717,755	18,159,752
Change in net assets	3,651,498	482,362	(221,411)	(380,075)	3,430,087	102,287
Net assets beginning of year	31,827,251	31,344,889	4,815,770	5,195,845	36,643,021	36,540,734
Net assets end of year	\$ 35,478,749	31,827,251	4,594,359	4,815,770	40,073,108	36,643,021

The amounts reported for governmental activities in the Governmental Funds Balance Sheet are different than the Statement of Net Assets because:

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	
<b>Total Governmental Fund Balances</b>	\$ 6,195,035
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 \$57,711,901 and the accumulated depreciation is \$23,852,876.	33,859,025
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	382,598
Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(4,957,909)
<b>Net Assets of Governmental Activities</b>	<u>\$ 35,478,749</u>

The County-wide taxable valuation increased approximately 7.0% and the County's rural taxable valuation increased approximately 10.4%. The budgetary requirements of the General Fund levy required a general basic levy above \$3.50 per \$1,000 of taxable valuation for the fifth time since the Mental Health Fund was created in the early 1990's. The total County-wide levy rate decrease was approximately \$0.19 per \$1,000 of taxable valuation. The total increase in dollars levied County-wide was approximately \$160,500.

The rural County levy rate remained unchanged at \$2.48 per \$1,000 of taxable valuation, but \$142,246 more was levied than for FY2008.

A relatively stagnant property tax base has the potential of putting a governmental entity in financial harm as revenues may not be sufficient to offset cost of government inflation. Boone County was fortunate to be able to levy enough property tax to remain stable and maintain the essential services County residents expect and deserve. See the detail on property tax in the following table:

Property Tax Levied		
	FY2009	FY2008
County-wide taxable valuation	\$ 1,009,479,341	943,003,941
County-wide levy rate without debt	4.64841	4.84567
Dollars levied without debt	4,692,467	4,569,490
County-wide taxable debt service valuation	1,038,074,465	967,472,548
County debt service levy rate	0.49908	0.49669
Dollars levied for debt service	518,083	480,535
Total county-wide rate	5.14749	5.34236
Total dollars levied county-wide	5,210,550	5,050,025
Rural taxable valuation	608,019,509	550,704,290
Rural tax levy rate	2.48183	2.48183
Dollars levied rural area only	1,509,001	1,366,755
Total dollars levied	6,719,551	6,416,780

### Governmental Activities

This is the seventh year Boone County has prepared financial statements on a full accrual basis. Management will analyze and compare revenues and expenses detailing percentage increases or decreases and attempt to explain the reasons they occurred.

- Revenues for governmental activities were approximately \$19.1 million in FY2009, which is a 17.8% increase compared to FY2008. Expenses for governmental activities totaled approximately \$15.4 million, a decrease of 1.8% compared to FY2008. In a difficult budgeting year, Boone County did a remarkable job trimming expenses to match available revenues, noting the increase in net assets was approximately \$3.7 million for governmental activities in FY2009.
- The local option sales tax revenue of \$816,876 contributed greatly to the increase in net assets of the governmental activities. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax decreased 1.2% compared to FY2008. The County believes the local option sales tax revenue indicates the relative economic strength of the local business economy, which appears to be stable compared to last year.

## Net Cost of Governmental Activities

Function	Expenses	Program Revenues		FY2009 Net Expense or (Revenue)	FY2008 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions		
Public safety and legal services	\$ 2,729,530	591,826	497,215	1,640,489	2,088,939
Physical health and social services	708,573	19,267	194,915	494,391	381,351
Mental health	2,516,089	103,543	1,944,850	467,696	1,207,759
County environment and education	934,536	402,860	2,237,447	(1,705,771)	490,840
Roads and transportation	5,643,909	272,095	4,277,333	1,094,481	1,922,077
Governmental services to residents	597,084	434,355	-	162,729	44,638
Administration	2,043,763	30,811	1,104	2,011,848	1,876,517
Interest on long-term debt	256,578	-	-	256,578	259,586
<b>Total</b>	<b>\$ 15,430,062</b>	<b>1,854,757</b>	<b>9,152,864</b>	<b>4,422,441</b>	<b>8,271,707</b>

- The cost of all governmental activities this year was approximately \$15.4 million, down approximately \$288,000, or 1.8%, from FY2008.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$1.85 million, decreasing \$36,681, or 1.9%, compared to FY2008.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$9.2 million, up 64.8% compared to FY2008.
- The net cost of governmental activities was financed with the following general revenues, including property tax related revenue of \$6,845,026, local option sales tax of \$816,876, unrestricted grants and contributions of \$72,853, unrestricted investment earnings of \$209,469, gain on disposition of capital assets of \$46,558 and other miscellaneous income of \$83,157. Total general revenues for FY2009 were \$8,073,939 million, down \$680,130, or 7.8%, compared to FY2008. (Note: County farm land was sold for \$895,797 in FY2008)

## Business Type Activities

Function	Expenses	Program Revenues		FY2009 Net Expense or (Revenue)	FY2008 Net Expense or (Revenue)
		Charges for Service			
Solid waste	\$ 2,287,693	2,018,593		269,100	438,775

Program revenues of the Boone County Landfill increased .8% to \$2,018,593 because of increased tonnage received while expenses decreased 6.3% to approximately \$2.3 million. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- In FY2009, the Boone County Landfill continued to develop previously constructed disposal areas and improve operational efficiencies. For the second year in a row, the landfill experienced significant access road damage and excess sedimentation accumulation due to flooding events. In both years, the Landfill qualified for FEMA

public assistance. Landfill staff expended a great deal of labor and equipment time removing excess sediment accumulated in the holding basins due to the flooding.

- The Boone County Recycling Center received numerous equipment upgrades which positively impacted facility throughput. The workplace recycling collection program expanded its customer base significantly during FY2009.
- The Landfill worked cooperatively with the 2008 Farm Progress Show to divert approximately 85% of the Show’s waste to the City of Ames Resource Recovery Plant, where the waste was converted to energy.
- The “Keep Boone County Beautiful” program continued providing environmental education outreach opportunities. The third annual Dragoon River Romp was held during FY2009. This annual watershed awareness raising event centers on a cleanup event focused on rotating sections of the Des Moines River as it flows through Boone County. Three annual events have been held since 2006. Each event involves 150+ volunteers. The Dragoon River Romp has been very successful and was recognized with an “Outstanding Litter Awareness/Beautification Award” in 2007 from the Iowa Society of Solid Waste Operations.
- During FY2009, the Landfill’s “Keep Boone County Beautiful” program became more involved with watershed protection awareness efforts and is working with numerous other entities on this issue.

**MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS**

As previously noted, Boone County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Boone County as a whole is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$6,195,035, 7.7% more than last year’s total of \$5,753,233.

	General Fund	
	FY2009	FY2008
Beginning fund balance	\$ 2,405,382	1,742,964
Property tax, including penalty and interest	3,764,510	3,627,156
Local option sales tax	206,219	207,038
Intergovernmental	780,034	913,303
Permits and charges for service	952,353	919,275
Interest and use of property	209,208	240,521
Miscellaneous	36,322	28,088
Sale of capital assets	24,400	882,490
Total revenues	5,973,046	6,817,871
Public safety and legal services	2,723,974	2,643,069
Physical health and social services	708,696	639,097
County environment and education	527,881	566,262
Governmental services to residents	591,552	496,087
Administration	1,739,071	1,591,002
Capital projects	95,855	-
Transfers to other funds	375	219,936
Total expenditures and transfers	6,387,404	6,155,453
Ending fund balance	\$ 1,991,024	2,405,382

The amounts presented combine the general basic, general supplemental and county farm land sale proceeds funds.

Total property tax revenue increased 3.8%. Local option sales tax revenue decreased 0.4%, intergovernmental revenue decreased 14.6%, revenue from user fees increased 3.6% and interest and use of property decreased 13.0% due to lower interest rates received by the County on investments. The county farm land was sold for \$895,797 in FY2008. Total revenues decreased 12.4% compared to FY2008.

Total expenditures and transfers increased 3.8%, or \$231,951, compared to FY2008. Physical health and social services increased 10.9%, administration increased 9.3% due to the addition of a full-time GIS director and major investments in the computer system with necessary updates to the communication infrastructure.

**Special Revenue Funds**

Mental Health Fund		
	FY2009	FY2008
Beginning fund balance	\$ (363,050)	(102,748)
Property tax	841,254	841,415
Intergovernmental - property tax relief	738,253	733,009
Other intergovernmental	1,394,075	1,142,884
Miscellaneous	12,804	9,090
Total revenues	2,986,386	2,726,398
Mental illness	149,705	102,268
Chronic mental illness	1,060,427	1,030,539
Mental retardation	1,299,493	1,820,095
Developmental disability	1,241	33,798
Total expenditures	2,510,866	2,986,700
Ending fund balance	\$ 112,470	(363,050)

Boone County levied the maximum levy established by the Mental Health Fund base year calculation. The FY2008 ending fund balance was -1.2% of FY2008 expenditures, which qualified the County for an additional \$251,191 of revenue supplied by the State of Iowa compared to FY2008. \$132,000 of the additional revenue in FY2009 was provided from the mental health risk pool. Boone County experienced a 15.9% decrease in expenditures for service compared to FY2008. The decrease in expenditures was substantially created by a confusion in past years over the legal settlement of one consumer, which was finally determined to be Boone County, and several years of past billings became Boone County's responsibility and was all recognized in FY2008. The FY2009 fund balance is 4.5% of FY2009 expenditures.

Rural Services Fund		
	FY2009	FY2008
Beginning fund balance	\$ 848,909	751,115
Property tax	1,457,129	1,309,425
Local option sales tax	618,657	621,113
Intergovernmental	57,983	57,569
Permits, charges for service and miscellaneous	20,487	25,166
Total revenues	2,154,256	2,013,273
County environment and education	336,634	280,752
Governmental services to residents	2,242	1,233
Transfers to other funds	1,798,617	1,633,494
Total expenditures and transfers	2,137,493	1,915,479
Ending fund balance	\$ 865,672	848,909

Property tax levied for FY2009 was up \$147,704, or 11.3%, compared to FY2008.

- The local effort for secondary roads was maintained at 90% of the maximum allowed to be levied for secondary roads.
- Boone County expected local option sales tax revenue to decrease to \$450,000 because of the economic slowdown. Actual receipts for local option sales tax in the Rural Services Fund were \$618,657, a decrease of 0.4% compared to FY2008.
- Total property tax related revenue (\$1,457,129) is less than the amount transferred to Secondary Roads (\$1,798,617) by \$341,488, which means local option sales tax pays for all of the services in the Rural Services Fund and part of the road expenses.
- The Board of Supervisors is intentionally allowing the Rural Services Fund balance to increase so the County will still be able to meet the local match requirements for the Secondary Roads Fund if local option sales tax revenue declines significantly. The current fund balance is 40.5% of expenditures and transfers. The fund balance percentage for FY2008 was 44.3%.

Secondary Roads Fund		
	FY2009	FY2008
Beginning fund balance	\$ 2,066,947	2,316,885
State fuel tax and other state revenue	3,347,942	3,318,860
Charges for service and miscellaneous	141,738	121,248
Sale of capital assets	24,850	6,250
Transfers from other funds	1,798,617	1,633,494
Total revenue and transfers	5,313,147	5,079,852
Secondary road maintenance	4,767,579	4,831,699
Secondary road construction	138,765	498,091
Total expenditures	4,906,344	5,329,790
Ending fund balance	\$ 2,473,750	2,066,947

- Secondary Roads Fund revenue and transfers increased 4.6% compared to FY2008.
- Secondary Roads Fund expenditures decreased \$423,446, or 7.9%, compared to FY2008. Maintenance expenditures decreased 1.3% and construction decreased 72.1 %. FY2009 construction was limited to some local grading jobs compared to FY2008 which included construction for a bridge near Beaver and grading jobs.
- Total ending fund balance compared to total expenditures increased to 50.4% in FY2009 compared to 38.8% in FY2008.

### Debt Service Fund

	FY2009	FY2008
Beginning fund balance	\$ 37,048	36,787
Property tax	498,839	460,309
Intergovernmental	20,851	20,886
Miscellaneous	106	-
Transfers from other funds	-	35,000
Total revenues and transfers	519,796	516,195
Principal	390,000	360,000
Interest	128,158	155,934
Total expenditures	518,158	515,934
Ending fund balance	\$ 38,686	37,048

The Debt Service Fund accumulates resources and pays the principal and interest on the County's bonds for the jail project. The original jail bond was refinanced August 1, 2003 using \$433,300 of remaining jail project funds. The principal balance of the refunding jail bond is \$2,785,030. The County borrowed \$400,000 with a general obligation capital loan note to construct a twelve office addition to the Department of Human Services building. The County also borrowed \$1.55 million with a general obligation capital loan note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years.

**Capital Projects Fund**

	FY2009	FY2008
Beginning fund balance	\$ 299,814	365,667
General obligation note proceeds	1,550,000	-
Miscellaneous	5,237	334
Transfers from other funds net	-	184,306
Total revenues and transfers	<u>1,555,237</u>	<u>184,640</u>
Administration	58,783	-
Debt service	1,581,500	94,725
Capital projects	-	155,768
Total expenditures	<u>1,640,283</u>	<u>250,493</u>
Ending fund balance	<u>\$ 214,768</u>	<u>299,814</u>

During the year ended June 30, 2007, the County issued \$1,500,000 of general obligation capital loan notes to purchase land for the site of the Farm Program Show. The proceeds of the notes were placed in the Capital Projects Fund to account for this major project. The County issued debt in FY2009 to retire the capital loan notes issued for the original purchase of Central Iowa Expo (CIE) Land. The County also agreed to guarantee the first five years of payments on the loan the Central Iowa Expo Board obtained to develop the site and the balance of the loan is guaranteed by USDA. The current CIE Projects fund will become a debt service function fund to accumulate expenditures which will likely have to converted to county permanent debt if the CIE Board is unable to solicit contributions to pay back this guarantee.

**BUSINESS TYPE FUND HIGHLIGHTS**

- FY2009 was the Boone County Landfill's 39<sup>th</sup> year of operations. As demonstrated by IDNR inspection and engineering reports, the Landfill is operated well beyond the minimum standards required for regulatory compliance.
- FY2009 demonstrated staff and the Landfill's engineering team continue to identify methods and strategies to increase productivity and efficiency. This has resulted in maintaining tipping and processing fees at a static level. FY2009 tipping fees were maintained at the same level as the prior year.
- FY2009 included continued improvement of our already extensive erosion control program, increasing the effectiveness of our solid waste and recycling education programs and providing excellent household hazardous waste services. The Landfill's sponsorship of "Keep Boone County Beautiful" has also provided numerous opportunities to raise awareness about environmental issues.
- FY2009 continued direct operations of the regional recycling center. The Boone County Recycling Center began operations on January 1, 2008 with Genesis Development as the contracted operator on behalf of the Landfill.

### **Landfill Operations Fund**

Landfill fees charged to customers did not increase for FY2009. Landfill Operations Fund revenue was \$1,967,342, an increase of 3.2% compared to FY 2008.

Operating expenses decreased 6.1% compared to FY2008.

### **Landfill Closure/Postclosure Fund**

The Closure/Postclosure Fund has assets totaling \$2,807,874. This fund is in the midst of its “pay-in” period. No closure/postclosure costs were expended from this fund during FY2008 or FY2009.

The original areas of the landfill (A, B and C) are fully funded for closure/postclosure care.

Under IDNR landfill regulations, the costs of closure/postclosure will increase substantially for all Iowa landfills.

### **Ground Water Tax Fund (Local Portion of Tip Fee Surcharge)**

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the actual tonnage received by the Landfill. The County’s share of ground water surcharge decreased 5.1% to \$74,171 compared to FY2008.

Expenses decreased 20.3% compared to FY2008 and include funding for:

- Recyclables processing carried out by Genesis Development. This includes two separate processing operations. One is for Greene County through the Greene County Recycling Agency and the other is the Boone County Recycling Center.
- Educational materials.
- The annual updating of our financial assurance funding study.

### **Keep Boone County Beautiful Account**

This account (within the Landfill Operations Fund) was started to manage several projects of Landfill interest, including:

- The Dragoon River Romp.
- Adopt a County Road or City Street.
- Adopt Your Favorite Place.
- Environmental education.

### **BUDGETARY HIGHLIGHTS**

On May 26, 2009, the County Board of Supervisors amended the original FY 2009 budget for the following:

- Increased intergovernmental receipts \$50,000 for additional drainage reimbursements.
- Increased public safety and legal services function disbursements \$10,000 for medical examiner costs to \$3,095,607.
- Increased mental health function disbursements \$700,000 to \$3,319,593.

- Increased county environment and education function disbursements \$50,000 to \$1,138,257.
- Increased administration function disbursements \$74,024 to transfer LAE reimbursements to proper funds.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$16,963,266 were \$2,455,933 less than the amended budget. Receipts were \$158,781 more than the amended budget.

## **CAPITAL ASSETS**

Boone County's governmental activities concluded FY2009 with \$33,859,025 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## **LONG-TERM DEBT**

In FY2004, Boone County issued general obligation bonds of \$4,835,000 for the purpose of refinancing the original jail project bonds. The County's bond rating for the refinancing issue is Aa3. The bond rating firm requires a higher ending fund balance than the County has determined necessary to receive a higher bond rating. The June 30, 2009 balance due on the refunding jail bond issue is \$2,785,030.

In prior years, the County borrowed \$400,000 through a general obligation capital loan note to construct a twelve office addition to the Department of Human Services building and \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during FY2009. The balances due on June 30, 2009 for the capital notes are \$255,000 and \$1,550,000, respectively.

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

## **FACTORS BEARING ON THE FUTURE**

Boone County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 14,950 for calendar year 2009. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2009 was 5.7% versus 3.4% a year before. This compares with the State's unemployment rate of 6.2% for the same period ended June 30, 2009.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with an additional 5.3% of property tax dollars compared to FY2009. The actual dollar increase from FY2009 to FY2010 is \$358,202.

The above factors were all part of the considerations for the FY2010 budget which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars)

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 4,008,133	4.96%
Mental Health Fund	869,916	-1.03%
Rural Services Fund	1,530,617	1.43%
Debt Service Fund	674,331	30.16%
Total	<u>\$ 7,082,997</u>	<u>5.33%</u>

Boone County added a GIS Director and one full-time courthouse maintenance position in the FY2009 budget. Levy rates (expressed in \$/\$1,000 taxable valuation) to produce the above dollars for FY2010 are as follows:

General basic levy	\$ 3.50000
General supplemental levy	0.28288
Mental health levy	0.82103
Rural services basic levy	2.38183
Debt service levy	0.62038

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demands for county services. The County-wide taxable valuation for the FY2010 budget exceeds \$1 billion of value for the second time in County history.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Boone County citizens, taxpayers, customers, investors and creditors with a general overview of Boone County's finances and to demonstrate Boone County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Boone County Auditor's Office, 201 State Street, Boone, Iowa 50036.

## **Basic Financial Statements**

**Boone County**

Boone County  
Statement of Net Assets  
June 30, 2009

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 5,630,978	1,124,922	6,755,900
Cash and pooled investments - restricted	-	2,832,903	2,832,903
Receivables:			
Property tax:			
Delinquent	22,308	-	22,308
Succeeding year	6,810,000	-	6,810,000
Interest and penalty on property tax	43,953	-	43,953
Accounts	51,511	155,416	206,927
Accrued interest	20,265	10,159	30,424
Road assessments	109,269	-	109,269
Loan	100,000	-	100,000
Due from other funds	27,014	(27,014)	-
Due from other governments	804,675	116,142	920,817
Inventories	570,172	-	570,172
Prepaid insurance	58,049	5,049	63,098
Capital assets (net of accumulated depreciation)	33,859,025	2,718,048	36,577,073
<b>Total assets</b>	<b>48,107,219</b>	<b>6,935,625</b>	<b>55,042,844</b>
<b>Liabilities</b>			
Accounts payable	384,244	115,755	499,999
Accrued interest payable	32,450	-	32,450
Salaries and benefits payable	133,212	12,531	145,743
Due to other governments	343,104	28,607	371,711
Unearned revenue:			
Succeeding year property tax	6,810,000	-	6,810,000
Other	-	68,833	68,833
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds and notes	485,000	-	485,000
Compensated absences	325,853	24,188	350,041
Portion due or payable after one year:			
General obligation bonds and notes	4,105,030	-	4,105,030
Estimated liability for landfill closure and postclosure care	-	2,090,771	2,090,771
Net OPEB liability	9,577	581	10,158
<b>Total liabilities</b>	<b>12,628,470</b>	<b>2,341,266</b>	<b>14,969,736</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	29,268,995	2,718,048	31,987,043
Restricted for:			
Supplemental levy purposes	85,233	-	85,233
Secondary roads purposes	2,580,438	-	2,580,438
Law enforcement	81,181	-	81,181
Mental health purposes	100,647	-	100,647
Other purposes	721,834	54,871	776,705
Unrestricted	2,640,421	1,821,440	4,461,861
<b>Total net assets</b>	<b>\$ 35,478,749</b>	<b>4,594,359</b>	<b>40,073,108</b>

See notes to financial statements.

Boone County  
Statement of Activities  
Year ended June 30, 2009

	Expenses	Program Revenues		
		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	\$ 2,729,530	591,826	497,215	-
Physical health and social services	708,573	19,267	194,915	-
Mental health	2,516,089	103,543	1,944,850	-
County environment and education	934,536	402,860	11,130	2,226,317
Roads and transportation	5,643,909	272,095	2,738,968	1,538,365
Governmental services to residents	597,084	434,355	-	-
Administration	2,043,763	30,811	1,104	-
Interest on long-term debt	256,578	-	-	-
<b>Total governmental activities</b>	<b>15,430,062</b>	<b>1,854,757</b>	<b>5,388,182</b>	<b>3,764,682</b>
Business type activities:				
Solid waste	2,287,693	2,018,593	-	-
<b>Total</b>	<b>\$ 17,717,755</b>	<b>3,873,350</b>	<b>5,388,182</b>	<b>3,764,682</b>

**General Revenues:**

Property and other county tax levied for:

General purposes

Debt service

Tax increment financing

Penalty and interest on property tax

State tax credits

Local option sales tax

Grants and contributions not restricted to specific purposes

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(1,640,489)	-	(1,640,489)
(494,391)	-	(494,391)
(467,696)	-	(467,696)
1,705,771	-	1,705,771
(1,094,481)	-	(1,094,481)
(162,729)	-	(162,729)
(2,011,848)	-	(2,011,848)
(256,578)	-	(256,578)
(4,422,441)	-	(4,422,441)
-	(269,100)	(269,100)
(4,422,441)	(269,100)	(4,691,541)
5,976,568	-	5,976,568
499,293	-	499,293
6,976	-	6,976
97,965	-	97,965
264,224	-	264,224
816,876	-	816,876
72,853	-	72,853
209,469	24,769	234,238
46,558	-	46,558
83,157	22,920	106,077
8,073,939	47,689	8,121,628
3,651,498	(221,411)	3,430,087
31,827,251	4,815,770	36,643,021
\$ 35,478,749	4,594,359	40,073,108

Boone County  
Balance Sheet  
Governmental Funds

June 30, 2009

<b>Assets</b>	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Cash and pooled investments	\$ 1,872,187	504,251	796,599	1,705,231
Receivables:				
Property tax:				
Delinquent	13,431	2,915	3,735	-
Succeeding year	3,847,000	835,000	1,468,000	-
Penalty and interest on property tax	43,953	-	-	-
Accounts	43,053	5,685	1,466	1,101
Accrued interest	20,265	-	-	-
Road assessments	-	-	-	109,269
Loan	100,000	-	-	-
Due from other funds	35,838	-	-	6,595
Due from other governments	98,911	10,023	129,230	566,511
Inventories	-	-	-	570,172
Prepaid insurance	28,518	-	-	29,530
	<b>Total assets</b>	<b>1,357,874</b>	<b>2,399,030</b>	<b>2,988,409</b>
	<b>\$ 6,103,156</b>	<b>1,357,874</b>	<b>2,399,030</b>	<b>2,988,409</b>
	<b>Liabilities and Fund Balances</b>			
Liabilities:				
Accounts payable	\$ 99,968	83,526	25,821	174,410
Salaries and benefits payable	63,601	4,974	1,120	63,517
Due to other funds	12,148	-	3,262	190
Due to other governments	22,387	319,072	-	1,125
Deferred revenue:				
Succeeding year property tax	3,847,000	835,000	1,468,000	-
Other	67,028	2,832	35,155	275,417
Total liabilities	4,112,132	1,245,404	1,533,358	514,659
Fund balances:				
Reserved for:				
Supplemental levy purposes	84,257	-	-	-
Debt service	-	-	-	-
Law enforcement purposes	81,181	-	-	-
Unreserved, reported in:				
General fund	1,825,586	-	-	-
Special revenue funds	-	112,470	865,672	2,473,750
Capital projects fund	-	-	-	-
Total fund balances	1,991,024	112,470	865,672	2,473,750
	<b>Total liabilities and fund balances</b>	<b>1,357,874</b>	<b>2,399,030</b>	<b>2,988,409</b>
	<b>\$ 6,103,156</b>	<b>1,357,874</b>	<b>2,399,030</b>	<b>2,988,409</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
38,625	214,768	499,317	5,630,978
2,227	-	-	22,308
648,000	-	12,000	6,810,000
-	-	-	43,953
-	-	206	51,511
-	-	-	20,265
-	-	-	109,269
-	-	-	100,000
-	-	312	42,745
-	-	-	804,675
-	-	-	570,172
-	-	-	58,048
<b>688,852</b>	<b>214,768</b>	<b>511,835</b>	<b>14,263,924</b>
-	-	519	384,244
-	-	-	133,212
-	-	131	15,731
-	-	520	343,104
648,000	-	12,000	6,810,000
2,166	-	-	382,598
<b>650,166</b>	<b>-</b>	<b>13,170</b>	<b>8,068,889</b>
-	-	-	84,257
38,686	-	6,976	45,662
-	-	-	81,181
-	-	-	1,825,586
-	-	491,689	3,943,581
-	214,768	-	214,768
<b>38,686</b>	<b>214,768</b>	<b>498,665</b>	<b>6,195,035</b>
<b>688,852</b>	<b>214,768</b>	<b>511,835</b>	<b>14,263,924</b>

**Boone County**

Boone County

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

June 30, 2009

**Total governmental fund balances (page 27)** \$ 6,195,035

***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 \$57,711,901 and the accumulated depreciation is \$23,852,876. 33,859,025

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 382,598

Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (4,957,909)

**Net assets of governmental activities (page 23)** \$ 35,478,749

See notes to financial statements.

Boone County

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

Year ended June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 3,884,917	841,254	2,075,786	-
Penalty and interest on property tax	85,812	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	780,034	2,132,328	57,983	3,347,942
Licenses and permits	15,344	-	-	1,980
Charges for service	937,009	-	7,508	861
Use of money and property	209,208	-	-	-
Miscellaneous	36,322	12,804	12,979	138,897
Total revenues	5,948,646	2,986,386	2,154,256	3,489,680
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	2,723,974	-	-	-
Physical health and social services	708,696	-	-	-
Mental health	-	2,510,866	-	-
County environment and education	527,881	-	336,634	-
Roads and transportation	-	-	-	4,767,579
Governmental services to residents	591,552	-	2,242	-
Administration	1,739,071	-	-	-
Debt service	-	-	-	-
Capital projects	95,855	-	-	138,765
Total expenditures	6,387,029	2,510,866	338,876	4,906,344
Excess (deficiency) of revenues over (under) expenditures	(438,383)	475,520	1,815,380	(1,416,664)
<b>Other financing sources (uses):</b>				
Sale of capital assets	24,400	-	-	24,850
Operating transfers in	-	-	-	1,798,617
Operating transfers out	(375)	-	(1,798,617)	-
General obligation notes issued	-	-	-	-
Premium on general obligation notes	-	-	-	-
Total other financing sources (uses)	24,025	-	(1,798,617)	1,823,467
Net change in fund balances	(414,358)	475,520	16,763	406,803
Fund balances beginning of year	2,405,382	(363,050)	848,909	2,066,947
Fund balances end of year	\$ 1,991,024	112,470	865,672	2,473,750

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
498,839	-	-	7,300,796
-	-	-	85,812
-	-	6,976	6,976
20,851	-	11,486	6,350,624
-	-	-	17,324
-	-	5,635	951,013
-	-	28,218	237,426
106	-	101,151	302,259
519,796	-	153,466	15,252,230
-	-	29,600	2,753,574
-	-	-	708,696
-	-	-	2,510,866
-	-	81,307	945,822
-	-	-	4,767,579
-	-	300	594,094
-	58,783	-	1,797,854
518,158	1,581,500	2,152	2,101,810
-	-	-	234,620
518,158	1,640,283	113,359	16,414,915
1,638	(1,640,283)	40,107	(1,162,685)
-	-	-	49,250
-	-	375	1,798,992
-	-	-	(1,798,992)
-	1,550,000	-	1,550,000
-	5,237	-	5,237
-	1,555,237	375	1,604,487
1,638	(85,046)	40,482	441,802
37,048	299,814	458,183	5,753,233
38,686	214,768	498,665	6,195,035

Boone 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 31)** \$ 441,802

**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	\$ 711,765	
Capital assets contributed by the Iowa Department of Transportation	1,415,797	
Capital assets contributed by Polk County Conservation Commission	2,226,317	
Depreciation expense	<u>(1,555,083)</u>	2,798,796

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (2,692)

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	1,757	
Other	<u>133,667</u>	135,424

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities. 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 debt repayments exceeded issues, as follows:

Issued	(1,550,000)	
Repaid	<u>1,850,946</u>	300,946

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	(7,486)	
Other postemployment benefits	(9,577)	
Interest on long-term debt	<u>(5,715)</u>	<u>(22,778)</u>

**Change in net assets of governmental activities (page 25)** \$ 3,651,498

See notes to financial statements.

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

	Enterprise			Total
	Landfill Operations	Landfill Closure/ Postclosure	Nonmajor Ground Water Tax	
<b>Assets</b>				
Cash and pooled investments	\$ 1,124,922	-	-	1,124,922
Cash and pooled investments - restricted	-	2,797,715	35,188	2,832,903
Receivables:				
Accounts	155,416	-	-	155,416
Accrued interest	-	10,159	-	10,159
Due from other funds	726,467	-	20,497	746,964
Due from other governments	116,142	-	-	116,142
Prepaid insurance	5,049	-	-	5,049
Capital assets, net of accumulated depreciation	2,718,048	-	-	2,718,048
<b>Total assets</b>	<b>4,846,044</b>	<b>2,807,874</b>	<b>55,685</b>	<b>7,709,603</b>
<b>Liabilities</b>				
Accounts payable	114,941	-	814	115,755
Salaries and benefits payable	12,531	-	-	12,531
Due to other funds	56,875	717,103	-	773,978
Due to other governments	28,607	-	-	28,607
Compensated absences	24,188	-	-	24,188
Unearned revenue	68,833	-	-	68,833
Net OPEB liability	581	-	-	581
Estimated liability for landfill closure and postclosure care	-	2,090,771	-	2,090,771
<b>Total liabilities</b>	<b>306,556</b>	<b>2,807,874</b>	<b>814</b>	<b>3,115,244</b>
<b>Net Assets</b>				
Invested in capital assets	2,718,048	-	-	2,718,048
Restricted for ground water tax purposes	-	-	54,871	54,871
Unrestricted	1,821,440	-	-	1,821,440
<b>Total net assets</b>	<b>\$ 4,539,488</b>	<b>-</b>	<b>54,871</b>	<b>4,594,359</b>

See notes to financial statements.

**Exhibit H**

## Boone County

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

Year ended June 30, 2009

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water	
		Tax	
Operating revenues:			
Charges for service	\$ 1,655,439	74,171	1,729,610
Per capita fees	178,875	-	178,875
Solid waste fees	110,108	-	110,108
Miscellaneous	22,920	-	22,920
Total operating revenues	1,967,342	74,171	2,041,513
Operating expenses:			
Salaries and wages	390,947	-	390,947
Payroll tax	54,355	-	54,355
Fringe benefits	69,065	-	69,065
Fuel	67,593	-	67,593
Travel	8,120	-	8,120
Utilities	19,701	-	19,701
Insurance	23,301	-	23,301
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	174,522	-	174,522
Education and training	53,386	-	53,386
Engineering	57,140	-	57,140
Maintenance and repair	186,363	-	186,363
Operations	227,396	-	227,396
Depreciation	346,700	-	346,700
Dues and membership	2,906	-	2,906
Hauling	20,069	-	20,069
Accounting	28,808	-	28,808
Recycling	100,345	33,814	134,159
Gravel	119,022	-	119,022
Leachate hauling and treatment	126,314	-	126,314
Adjustment to estimated liability for landfill closure and postclosure care	177,826	-	177,826
Total operating expenses	2,253,879	33,814	2,287,693
Operating income (loss)	(286,537)	40,357	(246,180)
Non-operating revenues (expenditures):			
Interest income	24,769	-	24,769
Income (loss) before transfers	(261,768)	40,357	(221,411)
Transfer in (out)	111,551	(111,551)	-
Change in net assets	(150,217)	(71,194)	(221,411)
Net assets beginning of year	4,689,705	126,065	4,815,770
Net assets end of year	\$ 4,539,488	54,871	4,594,359

See notes to financial statements.

Boone County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2009

	Enterprise			Total
	Landfill Operations	Closure/ Postclosure	Nonmajor Ground Water Tax	
Cash flows from operating activities:				
Cash received from gate fees	\$ 1,776,189	-	-	1,776,189
Cash received from per capita fee assessments	178,875	-	-	178,875
Cash received from other operating receipts	22,920	-	75,387	98,307
Cash paid to suppliers for goods and services	(1,211,190)	-	(37,688)	(1,248,878)
Cash paid to employees for services	(511,621)	-	-	(511,621)
Net cash provided by operating activities	255,173	-	37,699	292,872
Cash flows from noncapital financing activities:				
Transfer between funds	111,551	-	(111,551)	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(104,500)	-	-	(104,500)
Repayment of advances from other funds	28,255	-	-	28,255
Closure and postclosure care allocation	(360,000)	360,000	-	-
Net cash provided (used) by capital and related financing activities	(436,245)	360,000	-	(76,245)
Cash flows from investing activities:				
Interest received on investments	35,184	66,013	-	101,197
Net increase (decrease) in cash and cash equivalents	(34,337)	426,013	(73,852)	317,824
Cash and cash equivalents beginning of year	1,159,259	2,371,702	109,040	3,640,001
Cash and cash equivalents end of year	\$ 1,124,922	2,797,715	35,188	3,957,825
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (286,537)	-	40,357	(246,180)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	346,700	-	-	346,700
Closure and postclosure care	360,000	-	-	360,000
Changes in assets and liabilities:				
Decrease in accounts receivable	10,641	-	-	10,641
Decrease (increase) in due from other funds	(202,175)	-	1,216	(200,959)
Decrease in prepaid insurance	1,650	-	-	1,650
Increase (decrease) in accounts payable	10,455	-	(3,874)	6,581
Increase in salaries payable	1,197	-	-	1,197
Increase in due to other funds	13,797	-	-	13,797
(Decrease) in due to other governments	(2,105)	-	-	(2,105)
Increase in net OPEB liability	581	-	-	581
Increase in compensated absences	969	-	-	969
Total adjustments	541,710	-	(2,658)	539,052
Net cash provided by operating activities	\$ 255,173	-	37,699	292,872

See notes to financial statements.

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

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 2,524,830
Other County officials	43,125
Receivables:	
Property tax:	
Delinquent	99,458
Succeeding year	26,403,000
Accounts	32,031
Special assessments	536,263
Due from other funds	623
Due from other governments	93,986
Prepaid insurance	1,943
<b>Total assets</b>	<u>29,735,259</u>

**Liabilities**

Accounts payable	58,555
Salaries and benefits payable	21,502
Due to other funds	623
Due to other governments	28,912,886
Trusts payable	673,015
Compensated absences	68,678
<b>Total liabilities</b>	<u>29,735,259</u>

**Net assets** \$ -

See notes to financial statements.

Boone County

Notes to Financial Statements

June 30, 2009

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

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

These financial statements present Boone County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Boone County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Boone County Auditor's Office.

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: Boone County Assessor's Conference Board, Boone County Emergency Management Commission, County Community Services and the Boone 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.

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 and its component units. 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 and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

The County reports the following major proprietary funds:

The Landfill Operations Fund is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Landfill Closure/Postclosure Fund is used to accumulate resources to fund the closure and postclosure care costs of the landfill.

The County also reports fiduciary funds which focus on net assets and changes in net assets. The County's fiduciary funds include the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds are charges to customers for sanitary landfill services. Operating expenses for Enterprise Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions 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.

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

Road Assessments Receivable – Road assessments receivable represents amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. In the governmental funds, road assessments receivable represents assessments which are due and payable but have not been collected.

Special Assessments Receivable – Special assessments receivable represents amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which have been made but have 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, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County) are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25-50
Land improvements	10-50
Infrastructure, road network	10-65
Equipment	3 - 20
Vehicles	3 - 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.

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

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

Unearned 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.

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

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

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

#### 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.

#### **(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.

At June 30, 2009, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$177,876 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 at June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Secondary Roads	\$ 190
	Rural Services	236
	Reserve Deputy	131
	Enterprise:	
	Landfill Operations	35,281
		<u>35,838</u>
Special Revenue:	General	2,472
Secondary Roads	Special Revenue:	
	Rural Services	3,026
	Enterprise:	
	Landfill Operations	1,097
		<u>6,595</u>
County Recorder's Records Management	General	309
County Recorder's Electronic Transaction Fee	General	<u>3</u>
Enterprise:		
Landfill Operations	General	9,364
	Enterprise:	
	Landfill Closure/Postclosure	717,103
		<u>726,467</u>
Ground Water Tax	Landfill Operations	<u>20,497</u>
Total		<u>\$ 789,709</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 1,798,617
Conservation Land Acquisition	General	375
Enterprise:	Enterprise:	
Landfill Operations	Ground Water Tax	111,551
Total		<u>\$ 1,910,543</u>

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

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,498,085	315,000	-	1,813,085
Construction in progress	2,396,655	3,449,625	(2,435,412)	3,410,868
Total capital assets not being depreciated	<u>3,894,740</u>	<u>3,764,625</u>	<u>(2,435,412)</u>	<u>5,223,953</u>
Capital assets being depreciated:				
Buildings	5,974,117	35,593	-	6,009,710
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	8,505,277	568,460	(212,392)	8,861,345
Infrastructure, road network	34,929,767	2,435,412	-	37,365,179
Total capital assets being depreciated	<u>49,660,875</u>	<u>3,039,465</u>	<u>(212,392)</u>	<u>52,487,948</u>
Less accumulated depreciation for:				
Buildings	1,196,835	145,243	-	1,342,078
Improvements other than buildings	36,702	6,293	-	42,995
Equipment and vehicles	7,398,096	552,982	(194,900)	7,756,178
Infrastructure, road network	13,861,060	850,565	-	14,711,625
Total accumulated depreciation	<u>22,492,693</u>	<u>1,555,083</u>	<u>(194,900)</u>	<u>23,852,876</u>
Total capital assets being depreciated, net	<u>27,168,182</u>	<u>1,484,382</u>	<u>(17,492)</u>	<u>28,635,072</u>
Governmental activities capital assets, net	<u>\$ 31,062,922</u>	<u>5,249,007</u>	<u>(2,452,904)</u>	<u>33,859,025</u>
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 488,499	-	-	488,499
Construction in progress	529,844	30,582	(560,426)	-
Total capital assets not being depreciated	<u>1,018,343</u>	<u>30,582</u>	<u>(560,426)</u>	<u>488,499</u>
Capital assets being depreciated:				
Buildings	443,091	-	-	443,091
Equipment and vehicles	2,980,319	73,918	-	3,054,237
Infrastructure	1,013,458	560,426	-	1,573,884
Total capital assets being depreciated	<u>4,436,868</u>	<u>634,344</u>	<u>-</u>	<u>5,071,212</u>
Less accumulated depreciation for:				
Buildings	117,367	11,077	-	128,444
Equipment and vehicles	2,028,816	259,522	-	2,288,338
Infrastructure	348,780	76,101	-	424,881
Total accumulated depreciation	<u>2,494,963</u>	<u>346,700</u>	<u>-</u>	<u>2,841,663</u>
Total capital assets being depreciated, net	<u>1,941,905</u>	<u>287,644</u>	<u>-</u>	<u>2,229,549</u>
Business type activities capital assets, net	<u>\$ 2,960,248</u>	<u>318,226</u>	<u>(560,426)</u>	<u>2,718,048</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 90,968
County environment and education	22,765
Roads and transportation	1,258,731
Administration	182,619
Total depreciation expense - governmental activities	<u>\$ 1,555,083</u>
Business type activities:	
Landfill operations	<u>\$ 346,700</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	\$ 22,387
Special Revenue:		
Mental Health	Services	319,072
Secondary Roads	Services	1,125
Task Force	Services	520
		<u>320,717</u>
Total for governmental funds		<u>\$ 343,104</u>
Agency:		
Agricultural Extension Education	Collections	\$ 179,498
County Assessor		882,080
Schools		17,303,916
Community Colleges		592,911
Corporations		7,102,676
Townships		338,078
Auto License and Use Tax		527,518
Special Assessments		562,012
County Hospital		956,132
E911		440,290
All other		27,775
Total for agency funds		<u>\$ 28,912,886</u>

**(7) Long-Term Liabilities**

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

	Governmental Activities				Total
	General				
	General Obligation Bonds	Obligation Capital Loan Notes	Compen- sated Absences	Net OPEB Liability	
Balance beginning of year	\$ 3,055,976	1,835,000	318,367	-	5,209,343
Increases	-	1,550,000	244,074	9,577	1,803,651
Decreases	270,946	1,580,000	236,588	-	2,087,534
Balance end of year	<u>\$ 2,785,030</u>	<u>1,805,000</u>	<u>325,853</u>	<u>9,577</u>	<u>4,925,460</u>
Due within one year	<u>\$ 325,000</u>	<u>160,000</u>	<u>325,853</u>	<u>-</u>	<u>810,853</u>
	Business Type Activities				Total
	Compen- sated Absences	Closure and Postclosure Care	Net OPEB Liability		
Balance beginning of year	\$ 23,219	1,857,614	-	1,880,833	
Increases	27,946	233,157	581	261,684	
Decreases	26,977	-	-	26,977	
Balance end of year	<u>\$ 24,188</u>	<u>2,090,771</u>	<u>581</u>	<u>2,115,540</u>	
Due within one year	<u>\$ 24,188</u>	<u>-</u>	<u>-</u>	<u>24,188</u>	

General Obligation Bonds

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

Year ending June 30,	Interest Rates	Principal	Interest	Total
2010	2.70%	\$ 325,000	101,693	426,693
2011	2.95	340,000	92,917	432,917
2012	3.05	350,000	82,888	432,888
2013	3.15	360,000	72,212	432,212
2014	3.25	375,000	60,873	435,873
2015-2018	3.40 - 3.70	1,380,000	112,350	1,492,350
<b>Total</b>		<b>\$ 3,130,000</b>	<b>522,933</b>	<b>3,652,933</b>

During the year ended June 30, 2009, the County retired \$310,000 of general obligation bonds. The unamortized discount totaled \$344,970 at June 30, 2009.

General Obligation Capital Loan Notes

During the year ended June 30, 2007, the County entered into a general obligation capital loan anticipation project note for \$1,500,000 to acquire land for the site of the Farm Progress Show and a capital loan note for \$400,000 to construct an addition to the Department of Human Services building. The County also authorized the issuance of \$3,500,000 of general obligation capital loan notes to be used to refinance the general obligation capital loan anticipation project note.

During the year ended June 30, 2009, the County entered into a taxable general obligation capital loan note for \$1,550,000 to pay off the \$1,500,000 general obligation capital loan anticipation project note. A summary of the County's June 30, 2009 general obligation capital loan note indebtedness is as follows:

Year ending June 30,	Capital Loan Note			Capital Loan Note, Series 2006			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2010	4.50%	\$ 80,000	87,400	4.40%	\$ 80,000	11,220	160,000	98,620	258,620
2011	4.50	40,000	83,800	4.40	85,000	7,700	125,000	91,500	216,500
2012	4.50	40,000	82,000	4.40	90,000	3,960	130,000	85,960	215,960
2013	4.50	45,000	80,200	-	-	-	45,000	80,200	125,200
2014	4.50	50,000	78,175	-	-	-	50,000	78,175	128,175
2015-2019	4.50-5.50	295,000	353,375	-	-	-	295,000	353,375	648,375
2020-2024	5.60-6.00	415,000	261,700	-	-	-	415,000	261,700	676,700
2025-2029	6.10-6.50	585,000	117,350	-	-	-	585,000	117,350	702,350
<b>Total</b>		<b>\$ 1,550,000</b>	<b>1,144,000</b>		<b>\$ 255,000</b>	<b>22,880</b>	<b>1,805,000</b>	<b>1,166,880</b>	<b>2,971,880</b>

During the year ended June 30, 2009, the County retired \$1,580,000 of capital loan notes.

### Refunded General Obligation Bonds

During the year ended June 30, 2004, the County entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. government securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they become due. After the principal and interest on all of the outstanding bonds have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances and liabilities of the escrow account are not recorded by the County. The amount of the refunded general obligation bonds considered extinguished and, therefore, excluded from long-term debt of \$3,530,000 were called for redemption and prepayment on May 1, 2009.

### Solid Waste Alternative Program (SWAP) Loan

In December 2008, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of expanding the County's recycling program. The agreement, as amended, awarded up to \$47,309 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$27,309. The term of the zero interest loan is 48 months and requires quarterly payments of \$1,707 which began October 15, 2009. At June 30, 2009, there are no unmet conditions to be achieved for loan forgiveness.

## **(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 \$391,129, \$329,197 and \$301,072, 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/prescription drug benefits for retirees and their spouses. There are 139 active and 1 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 10,158
Interest on net OPEB obligation	-
Adjustment to annual required contributions	-
Annual OPEB cost	10,158
Contribution made	-
Increase in net OPEB obligation	10,158
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	\$ 10,158

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.

Plan members eligible for benefits contributed \$4,752, or 100%, of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 10,158	0.0%	\$ 10,158

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 \$73,757, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,757. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,225,885 and the ratio of UAAL to covered payroll was 1.4%. 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 unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% investment return rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. 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.

Projected claim costs of the medical plan are \$436 per month for retirees less than age 65 and \$976 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9, \$417 per month for retirees less than age 65 and \$934 per month for family plans of retirees less than age 65 under ISAC plan 10 and \$397 per month for retirees less than age 65 and \$888 per month for family plans of retirees less than age 65 under ISAC plan 13. The salary increase rate was assumed to be 2% 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 \$130,947.

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 the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(11) Hospital Revenue Bonds**

The County has entered into a loan agreement to borrow not to exceed \$7,500,000 to enlarge and improve the Boone County Hospital. The loan agreement was entered into pursuant to the authority contained in Section 331.402(3) of the Code of Iowa and does not constitute a general obligation of the County.

**(12) Loans to County Community Service Case Management Fund**

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 with another \$15,000 in October 2006 for necessary cash flow. The County is establishing formal repayment schedules for the loans. At June 30, 2009, neither loan had been repaid.

**(13) Closure and Postclosure Care**

To comply with federal and state regulations, the Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, 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 for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Boone County Landfill have been estimated at \$1,639,300 for closure and \$1,470,000 for postclosure, for a total of \$3,109,300 as of June 30, 2009 for the original and expansion areas combined. The portion of the liability that has been recognized is \$2,090,771. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2009. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 9 years for the expansion area and the capacity used at June 30, 2009 is 52.8%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2009,

assets of \$2,807,874 are restricted for these purposes, of which \$1,505,505 is for closure and \$1,302,369 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded for the expansion area, the County is required to demonstrate financial assurance for the unfunded costs. The County had adopted the dedicated fund mechanism.

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

**(14) Solid Waste Tonnage Fees Retained**

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2009, net assets of \$54,871 have been retained by the County and restricted for the required purposes.

**Boone County**

**Required Supplementary Information**

Boone 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	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 7,313,131	-	7,313,131
Penalty and interest on property tax	85,680	-	85,680
Intergovernmental	6,250,497	-	6,250,497
Licenses and permits	16,604	-	16,604
Charges for service	951,962	-	951,962
Use of money and property	211,384	-	211,384
Miscellaneous	261,673	64,029	197,644
Total receipts	<u>15,090,931</u>	<u>64,029</u>	<u>15,026,902</u>
<b>Disbursements:</b>			
Public safety and legal services	2,745,140	-	2,745,140
Physical health and social services	689,742	-	689,742
Mental health	3,191,426	-	3,191,426
County environment and education	920,047	35,863	884,184
Roads and transportation	4,830,070	-	4,830,070
Governmental services to residents	594,670	-	594,670
Administration	1,799,605	-	1,799,605
Non-program	-	-	-
Debt service	2,130,064	30,407	2,099,657
Capital projects	128,772	-	128,772
Total disbursements	<u>17,029,536</u>	<u>66,270</u>	<u>16,963,266</u>
Excess (deficiency) of receipts over (under) disbursements	(1,938,605)	(2,241)	(1,936,364)
Other financing sources, net	1,602,719	-	1,602,719
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(335,886)	(2,241)	(333,645)
Balance beginning of year	5,966,864	128,222	5,838,642
Balance end of year	<u>\$ 5,630,978</u>	<u>125,981</u>	<u>5,504,997</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,180,636	7,180,636	132,495
62,800	62,800	22,880
5,645,491	5,695,491	555,006
14,300	14,300	2,304
880,354	880,354	71,608
468,040	468,040	(256,656)
566,500	566,500	(368,856)
14,818,121	14,868,121	158,781
3,085,607	3,095,607	350,467
735,410	735,410	45,668
2,619,593	3,319,593	128,167
1,088,257	1,138,257	254,073
5,208,566	5,208,566	378,496
658,645	658,645	63,975
1,752,397	1,826,421	26,816
1,800,000	1,800,000	1,800,000
518,100	518,100	(1,581,557)
1,118,600	1,118,600	989,828
18,585,175	19,419,199	2,455,933
(3,767,054)	(4,551,078)	2,614,714
2,002,500	2,002,500	(399,781)
(1,764,554)	(2,548,578)	2,214,933
4,732,317	5,727,137	111,505
2,967,763	3,178,559	2,326,438

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Boone 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	15,090,931	161,299	15,252,230
Expenditures	17,029,536	614,621	16,414,915
Net	(1,938,605)	775,920	(1,162,685)
Other financing sources, net	1,602,719	1,768	1,604,487
Beginning fund balances	5,966,864	(213,631)	5,753,233
Ending fund balances	\$ 5,630,978	564,057	6,195,035

See accompanying independent auditor's report.

Boone 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 blended component units, Enterprise 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 or fund type. 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, one budget amendment increased budgeted disbursements by \$834,024. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, 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.

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Boone 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	-	\$ 74	74	0.00%	\$ 5,226	1.4%

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**

Boone County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition
<b>Assets</b>				
Cash and pooled investments	\$ 50,568	443	125,981	30,926
Receivables:				
Succeeding year property tax	-	-	-	-
Accounts	-	-	-	-
Due from other funds	309	3	-	-
<b>Total assets</b>	<b>\$ 50,877</b>	<b>446</b>	<b>125,981</b>	<b>30,926</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved	50,877	446	125,981	30,926
Total fund balances	50,877	446	125,981	30,926
<b>Total liabilities and fund balances</b>	<b>\$ 50,877</b>	<b>446</b>	<b>125,981</b>	<b>30,926</b>

See accompanying independent auditor's report.

Special Revenue							
Resource							
Enhancement	Task	Attorney	Jail	Reserve	County		Total
and	Force	Drug	Commissary	Deputy	TIF Project		
Protection		Prosecution					
128,713	79,571	13,884	62,255	-	6,976		499,317
-	-	-	-	-	12,000		12,000
-	-	46	-	160	-		206
-	-	-	-	-	-		312
128,713	79,571	13,930	62,255	160	18,976		511,835
-	-	519	-	-	-		519
-	-	-	-	131	-		131
-	520	-	-	-	-		520
-	-	-	-	-	12,000		12,000
-	520	519	-	131	12,000		13,170
-	-	-	-	-	6,976		6,976
128,713	79,051	13,411	62,255	29	-		491,689
128,713	79,051	13,411	62,255	29	6,976		498,665
128,713	79,571	13,930	62,255	160	18,976		511,835

Boone County

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

Year ended June 30, 2009

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	5,635	-	-	-
Use of money and property	732	10	-	-
Miscellaneous	-	-	64,029	3,013
Total revenues	6,367	10	64,029	3,013
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	35,863	45,444
Governmental services to residents	-	300	-	-
Debt service	-	-	2,152	-
Total expenditures	-	300	38,015	45,444
Excess (deficiency) of revenues over (under) expenditures	6,367	(290)	26,014	(42,431)
Other financing sources:				
Operating transfers in	-	-	-	375
Excess (deficiency) of revenues and other financing sources over (under) expenditures	6,367	(290)	26,014	(42,056)
Fund balances beginning of year	44,510	736	99,967	72,982
Fund balances end of year	\$ 50,877	446	125,981	30,926

See accompanying independent auditor's report.

Special Revenue							
Resource Enhancement and Protection	Task Force	Attorney Drug Prosecution	Jail Commissary	Reserve Deputy	County TIF Project		Total
-	-	-	-	-	6,976		6,976
11,130	356	-	-	-	-		11,486
-	-	-	-	-	-		5,635
3,187	-	-	24,289	-	-		28,218
-	15,528	16,386	-	2,195	-		101,151
14,317	15,884	16,386	24,289	2,195	6,976		153,466
-	3,435	4,503	17,224	4,438	-		29,600
-	-	-	-	-	-		81,307
-	-	-	-	-	-		300
-	-	-	-	-	-		2,152
-	3,435	4,503	17,224	4,438	-		113,359
14,317	12,449	11,883	7,065	(2,243)	6,976		40,107
-	-	-	-	-	-		375
14,317	12,449	11,883	7,065	(2,243)	6,976		40,482
114,396	66,602	1,528	55,190	2,272	-		458,183
128,713	79,051	13,411	62,255	29	6,976		498,665

Boone 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	\$ -	2,409	497,228	231,859	7,895
Other County officials	43,125	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	620	1,420	59,057	2,016
Succeeding year	-	177,000	406,000	17,013,000	583,000
Accounts	813	-	605	-	-
Special assessments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	485	-	-
<b>Total assets</b>	<b>\$ 43,938</b>	<b>180,029</b>	<b>905,738</b>	<b>17,303,916</b>	<b>592,911</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	524	-	-
Salaries and benefits payable	-	531	-	-	-
Due to other funds	623	-	-	-	-
Due to other governments	18,286	179,498	882,080	17,303,916	592,911
Trusts payable	25,029	-	-	-	-
Compensated absences	-	-	23,134	-	-
<b>Total liabilities</b>	<b>\$ 43,938</b>	<b>180,029</b>	<b>905,738</b>	<b>17,303,916</b>	<b>592,911</b>

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
123,400	3,301	527,518	25,749	12,849	409,337	683,285	2,524,830
-	-	-	-	-	-	-	43,125
32,276	777	-	-	3,283	-	9	99,458
6,947,000	334,000	-	-	940,000	-	3,000	26,403,000
-	-	-	-	-	24,412	6,201	32,031
-	-	-	536,263	-	-	-	536,263
-	-	-	-	-	-	623	623
-	-	-	-	-	8,479	85,507	93,986
-	-	-	-	-	-	1,458	1,943
<b>7,102,676</b>	<b>338,078</b>	<b>527,518</b>	<b>562,012</b>	<b>956,132</b>	<b>442,228</b>	<b>780,083</b>	<b>29,735,259</b>
-	-	-	-	-	1,938	56,093	58,555
-	-	-	-	-	-	20,971	21,502
-	-	-	-	-	-	-	623
7,102,676	338,078	527,518	562,012	956,132	440,290	9,489	28,912,886
-	-	-	-	-	-	647,986	673,015
-	-	-	-	-	-	45,544	68,678
<b>7,102,676</b>	<b>338,078</b>	<b>527,518</b>	<b>562,012</b>	<b>956,132</b>	<b>442,228</b>	<b>780,083</b>	<b>29,735,259</b>

Boone 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	\$ 37,376	161,847	915,411	15,217,800	534,953
Additions:					
Property and other county tax	-	186,825	432,016	17,870,594	615,040
E911 surcharge	-	-	-	-	-
State tax credits	-	6,892	18,217	666,243	22,783
Office fees and collections	797,209	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	20,374	-	-
Total additions	797,209	193,717	470,607	18,536,837	637,823
Deductions:					
Agency remittances:					
To other funds	345,480	-	-	-	-
To other governments	169,724	175,535	-	16,450,721	579,865
Trusts paid out	275,443	-	480,280	-	-
Total deductions	790,647	175,535	480,280	16,450,721	579,865
Balances end of year	\$ 43,938	180,029	905,738	17,303,916	592,911

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
6,738,954	293,302	502,968	282,520	864,446	324,112	769,557	26,643,246
7,020,700	360,929	-	-	991,303	-	3,421	27,480,828
-	-	-	-	-	207,222	-	207,222
272,400	11,455	-	-	36,755	-	141	1,034,886
-	-	-	-	-	-	5,642	802,851
-	-	5,928,620	-	-	-	-	5,928,620
-	-	-	416,058	-	-	-	416,058
-	-	-	-	-	-	1,300,566	1,300,566
-	-	-	-	-	7,601	1,894,685	1,922,660
7,293,100	372,384	5,928,620	416,058	1,028,058	214,823	3,204,455	39,093,691
-	-	247,644	-	-	-	-	593,124
6,929,378	327,608	5,656,426	136,566	936,372	96,707	7,253	31,466,155
-	-	-	-	-	-	3,186,676	3,942,399
6,929,378	327,608	5,904,070	136,566	936,372	96,707	3,193,929	36,001,678
7,102,676	338,078	527,518	562,012	956,132	442,228	780,083	29,735,259

Boone County

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

For the Last Ten Years

	2009	2008	2007	2006
<b>Revenues:</b>				
Property and other county tax	\$ 7,307,772	6,973,408	6,469,589	6,117,846
Interest and penalty on property tax	85,812	93,048	76,918	71,901
Intergovernmental	6,350,624	6,196,573	6,177,965	5,518,447
Licenses and permits	17,324	18,631	25,821	20,933
Charges for service	951,013	932,813	916,158	926,680
Use of money and property	237,426	276,241	343,410	242,346
Miscellaneous	302,259	231,978	257,996	198,900
<b>Total</b>	<b>\$ 15,252,230</b>	<b>14,722,692</b>	<b>14,267,857</b>	<b>13,097,053</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 2,753,574	2,685,812	2,507,524	2,393,530
Physical health and social services	708,696	639,097	660,704	610,980
Mental health	2,510,866	2,986,700	2,671,208	2,479,313
County environment and education	945,822	926,932	933,921	857,742
Roads and transportation	4,767,579	4,831,699	4,322,499	3,881,757
Governmental services to residents	594,094	497,320	495,947	666,018
Administration	1,797,854	1,591,002	1,338,419	1,217,653
Debt service	2,101,810	610,659	417,958	416,895
Capital projects	234,620	653,859	3,113,667	474,175
<b>Total</b>	<b>\$ 16,414,915</b>	<b>15,423,080</b>	<b>16,461,847</b>	<b>12,998,063</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2005	2004	2003	2002	2001	2000
6,088,359	6,013,505	5,810,864	5,504,926	4,750,472	4,246,522
62,876	66,697	64,522	67,451	60,113	44,407
5,758,477	4,640,729	4,569,465	4,840,152	4,881,308	5,035,302
15,067	60,808	14,598	10,431	7,838	7,120
942,470	884,787	869,192	832,023	719,700	724,327
158,099	129,254	151,049	436,706	357,245	295,697
540,830	212,419	293,260	204,584	157,254	377,682
13,566,178	12,008,199	11,772,950	11,896,273	10,933,930	10,731,057
2,117,985	2,013,154	1,927,982	1,900,164	1,756,703	1,501,153
583,588	597,127	620,149	839,084	830,284	783,540
2,341,752	2,005,825	2,136,380	1,859,850	1,958,823	1,898,781
787,105	758,079	742,442	680,163	701,680	546,285
3,990,145	3,581,862	3,602,048	3,832,568	3,572,743	3,355,470
510,074	470,870	455,664	429,361	388,559	354,859
1,202,257	1,064,871	998,490	867,867	852,361	898,337
433,595	843,108	431,149	341,149	241,607	18,750
1,905,106	706,865	1,627,172	3,609,233	1,056,929	604,856
13,871,607	12,041,761	12,541,476	14,359,439	11,359,689	9,962,031

**Schedule 6**

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants	93.276	5 H79 SP011259-04	\$ 29,656
Drug-Free Communities Support Program Grants	93.276	5 H79 SP011259-05	<u>59,073</u>
Total direct			<u>88,729</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>18,188</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C008(26)8J--08	100,611
Highway Planning and Construction	20.205	ER-169-5(22)-28-08	<u>94,201</u>
			<u>194,812</u>
Recreational Trails Program	20.219	NRT-NT07(04)-9G-9	<u>3,013</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Safety Belt Performance Grants	20.609	09-406, Task 18	<u>4,313</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>16,917</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>33</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>4,765</u>
Foster Care - Title IV-E	93.658		<u>10,285</u>
Adoption Assistance	93.659		<u>2,460</u>
State Children's Insurance Program	93.767		<u>141</u>
Medical Assistance Program	93.778		<u>22,338</u>
Social Services Block Grant	93.667		<u>11,088</u>
Social Services Block Grant	93.667		<u>100,595</u>
			<u>111,683</u>
Iowa Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617		<u>3,000</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Emergency Management Performance Grants	97.036	FEMA 1763 DR IA	<u>560,131</u>
	97.042	EMPG	<u>27,046</u>
Total indirect			<u>979,125</u>
Total			<u>\$ 1,067,854</u>

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

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

**Boone County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone 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 10, 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 Boone 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 Boone County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boone 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 a deficiency we consider to be a material weakness.

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 Boone 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 Boone County's financial statements that is more than inconsequential will not be prevented or detected by Boone 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 result in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Boone 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 item II-A-09 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boone 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.

Boone 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 Boone 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 Boone County and other parties to whom Boone 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 Boone 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 10, 2010

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

**Boone 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 Boone County:

Compliance

We have audited the compliance of Boone 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. Boone 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 Boone County's management. Our responsibility is to express an opinion on Boone 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 Boone 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 Boone County's compliance with those requirements.

In our opinion, Boone 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 Boone County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Boone 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 the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boone County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Boone County and other parties to whom Boone 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 10, 2010

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Part I: Summary of 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 a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 93.667 – Social Services Block Grant
  - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Boone County did not qualify as a low-risk auditee.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

**SIGNIFICANT DEFICIENCIES:**

II-A-09 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts – collecting, depositing, posting and daily reconciling.	Recorder
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Recorder and the County Treasurer should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances.

Responses –

Recorder – All four of us collect fees, post fees and all participate in the balancing for each. Deposits are prepared by two of us, one prepares the deposit and the other enters information on the computer

Treasurer – It is difficult to take the time listing mail receipts, collecting, depositing and posting with the limited staff. When we do motor vehicle, the staff doing that has nothing to do with the deposit of those funds or the reconciliation of the bank records.

Conclusions – Responses acknowledged. Someone other than the person collecting should perform daily reconciliations and evidence of independent review should be documented. Officials in these offices should continue to review the operating procedures to obtain the maximum internal control possible under the circumstances.

II-B-09 Credit Cards – Various County employees use credit cards and store charge cards issued to the County. Detailed credit card receipts were not always available to support credit card charges or were not always reconciled to the credit card statements from which payment was made.

Recommendation – Credit card receipts should be maintained and reconciled to credit card statements prior to payment.

Response – The County Auditor’s Office will not pay credit card bills unless card receipts are attached to statement when presented. Department heads will be responsible to pay any late charges incurred because of delay as per our credit card policy.

Conclusion – Response accepted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-C-09 County Recorder – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2009 was not investigated and resolved.

Recommendation – Variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control. Also, all reconciling items between the book and bank balances should be documented each month, including an accounts receivable listing at the end of each month. In addition, the book balance should be reconciled to a listing of month end liabilities.

Response – We have been preparing an extra report for reconciliation provided by the Office of Auditor of State. We understand this helps for this recommendation.

Conclusion – Response accepted.

II-D-09 Independent Review of Payroll – Each time payroll is run, a report is provided to each department for review. The County Auditor’s Office receives no assurance from the Departments the payroll has been reviewed and/or approved. Also, there is no independent review of across-the-board pay rate changes.

Recommendation – The County should review the payroll process to obtain the maximum internal control possible.

Response – Payroll reports accompany each department’s checks and electronic pay stubs. The County Auditor’s Office has asked each department head to review payrolls as to employees included, and to test for reasonableness of information on wages, leave times, etc. The County Auditor’s Office has asked each department to respond to the payroll clerk with approval. The County Auditor’s Office has communicated this need very strongly and will begin to publish names of department heads not reviewing payroll.

Conclusion – Response accepted.

II-E-09 Independent Review of Travel Claims – The supporting documentation for travel claims submitted by department heads and the Board Supervisors is not reviewed and approved by an independent person.

Recommendation – Travel claims for all employees and the Board of Supervisors should be reviewed and approved by an independent person.

Response – Claims for reimbursement by department heads will be presented to the Board for approval before payment is issued. Claims from an individual Board member will need signature of other two Board members.

Conclusion – Response accepted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-F-09 Emergency Management Receipts – Warrants received from the State of Iowa were not deposited with the County Treasurer timely.

Recommendation – Money received should be deposited with the County Treasurer timely.

Response – Emergency Management staff have been informed timeliness means within 10 days of receipt. The County has requested the Director contact state agencies forwarding funding to Boone County to see if the funds can be directly deposited with the County Treasurer's Office electronically.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

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

Boone 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 in certain departments exceeded the amounts appropriated.

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.

Response – The majority of problems the County had was with expenditures related to the money flowing through the Central Iowa Expo Capital Projects Fund. The Fund was budgeted as non-program for \$1,800,000 and for financial reporting purposes these expenditures were classified as debt service after the FY ended. County has corrected this issue going forward.

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	Description	Amount
Jean Iben, mother-in-law of Sheriff and part-time cook for jail	Transport/Matron fees	\$ 23

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

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

IV-F-09 Board Minutes – No transactions were found we believe should have been approved in the Board minutes but were not. Although, minutes of the Board proceedings were published, a copy of the proceedings was not furnished to the official newspaper within one week following adjournment of the Board, per Chapter 349.18 of the Code of Iowa. Also, publication of the schedule of bills does not include the reason for the claim and the annual salaries of employees was not published.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Recommendation – The County Auditor should furnish a copy of the proceedings to be published within one week following the adjournment of the Board, per Chapter 349.18 of the Code of Iowa. Also, the publication should include a schedule of claims, including the reason for the claim, and the annual salaries of employees per Chapter 349.18 of the Code of Iowa.

Response – The County Auditor intends to forward approved Board minutes for publication within 1 day of their approval. The Board meets once per week. We will revise the claims list to comply with comment.

Conclusion – Response accepted.

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

IV-H-09 Resource Enhancement and Protection Certification – The County chose not to dedicate property tax revenue to conservation purposes to the extent 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).

The County produces a significant amount of revenue in its Conservation Department through camping and golf fees. This revenue is used to offset conservation expenses in lieu of property tax revenue.

IV-I-09 Financial Assurance – The Boone County Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area	
	Closure	Postclosure	Closure	Postclosure
Total estimated costs for closure and postclosure care	\$ 204,400	747,000	1,434,900	723,000
Less: Amounts held in the local dedicated fund at June 30, 2008	(179,300)	(714,000)	(1,112,580)	(386,663)
Reallocation of amounts held based on current estimated costs	(25,100)	(33,000)	25,100	33,000
Amounts held at July 1, 2008	(204,400)	(747,000)	(1,087,480)	(353,663)
Balance to be funded	-	-	347,420	369,337
Divided by the number of years remaining in the pay-in period	-	-	2	2
Required payment into the local dedicated fund for the year ended June 30, 2009	-	-	173,710	184,669
Amounts held in the local dedicated fund at June 30, 2008, as reallocated	204,400	747,000	1,087,480	353,663
Amounts required to be held in the local dedicated fund at June 30, 2009	\$ 204,400	747,000	1,261,190	538,332
Amounts restricted for closure and postclosure care at June 30, 2009	\$ 204,400	747,000	1,301,105	555,369

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

IV-J-09 Solid Waste Fees Retainage – During the year ended June 30, 2009, the County used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

IV-K-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.

IV-L-09 Emergency Management Commission Budget – The disbursements in the Boone County Emergency Management Commission Fund exceeded the amount budgeted prior to amendment and at year end.

Recommendation – The budget should have been amended in a sufficient amount in accordance with Chapter 24.9 of the Code before disbursements exceeded the amount budgeted.

Response – The budget was exceeded mainly due to a disbursement related to the purchase of a trailer to transport equipment to be used in emergencies. An amendment to cover this cost was proposed and was approved for an amount less than the amount requested. We will continue to monitor our budget.

Conclusion – Response accepted.

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Boone County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor II  
Brett M. Zeller, Staff Auditor  
Stephanie A. Sissel, Assistant Auditor  
Daniel T. Schneider, Assistant Auditor  
Gabriel M. Stafford, CPA, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State