



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 31, 2011

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

The County had local tax revenue of \$14,332,884 for the year ended June 30, 2010, which included \$715,387 in tax credits from the state. The County forwarded \$9,662,036 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,670,848 of the local tax revenue to finance County operations, a less than one percent increase over the prior year. Other revenues included charges for service of \$1,339,358, operating grants, contributions and restricted interest of \$4,000,751, capital grants, contributions and restricted interest of \$1,957,446, local option sales tax of \$298,021, unrestricted investment earnings of \$111,364 and other general revenues of \$50,216.

Expenses for County operations totaled \$12,376,661, a 23.9 percent increase over the prior year. Expenses included \$5,573,440 for roads and transportation, \$1,549,203 for public safety and legal services and \$1,401,711 for administration. The significant increase in expenses is primarily due to an increase in expenses for road maintenance and flood control work and for the Lewis and Clark Visitor Center.

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/1010-0067-B00F.pdf>.

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MONONA COUNTY

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

JUNE 30, 2010

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	28
Notes to Financial Statements		29-42
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		44-45
Budget to GAAP Reconciliation		46
Notes to Required Supplementary Information – Budgetary Reporting		47
Schedule of Funding Progress for the Retiree Health Plan		48
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	50-51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	52-53
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	54-55
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	56-57
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	58-59
Schedule of Expenditures of Federal Awards	6	60-61
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		63-64
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		65-66
Schedule of Findings and Questioned Costs		67-74
Staff		75

Monona County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Stanley Skow	Board of Supervisors	Jan 2011
Charles Brown	Board of Supervisors	Jan 2011
John McCall	Board of Supervisors	Jan 2013
Brooke Kuhlman	County Auditor	Jan 2013
Lawrence Framke	County Treasurer	Jan 2011
Tena L. Hinkel	County Recorder	Jan 2011
Jeffrey R. Pratt	County Sheriff	Jan 2013
Michael P. Jensen	County Attorney	Jan 2011
Lawrence E. Keitges	County Assessor	Jan 2016

Monona County



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Independent Auditor's Report

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Monona County's management. Our responsibility is to express opinions on these financial statements based on our audit.

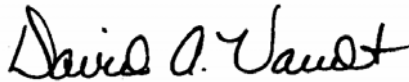
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monona County at June 30, 2010, 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.

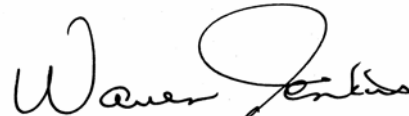
In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2011 on our consideration of Monona County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 14 and 44 through 48 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 Monona 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, 2009 (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 18, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monona County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

The County's governmental activities revenues increased 10.9%, or approximately \$1.2 million, from fiscal year 2009 to fiscal year 2010. Property tax increased approximately \$42,000, operating grants, contributions and restricted interest decreased approximately \$254,000 and capital grants, contributions and restricted interest increased approximately \$1,303,000.

The County's governmental activities expenses increased 23.9%, or approximately \$2,391,000, from fiscal year 2009 to fiscal year 2010.

The County's net assets increased .2%, or approximately \$52,000, from June 30, 2009 to June 30, 2010.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Monona County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Monona County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Monona County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program activities and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Monona County's combined net assets increased from approximately \$21.7 million to approximately \$21.8 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

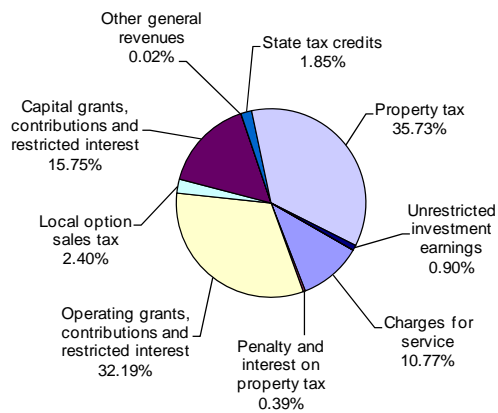
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2010	2009
Current and other assets	\$ 13,161	12,339
Capital assets	15,331	15,078
Total assets	<u>28,492</u>	<u>27,417</u>
Long-term liabilities	1,069	754
Other liabilities	5,629	4,921
Total liabilities	<u>6,698</u>	<u>5,675</u>
Net assets:		
Invested in capital assets, net of related debt	15,081	14,789
Restricted	4,560	4,765
Unrestricted	2,153	2,188
Total net assets	<u>\$ 21,794</u>	<u>21,742</u>

Net assets of Monona County's governmental activities increased approximately \$52,000, or .2%, compared to fiscal year 2009. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets decreased approximately \$205,000, or 4.3%, from the prior year, primarily due to an increase in Secondary Roads Department expenses and a decrease in state funding available for mental health services. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are approximately \$2.15 million at June 30, 2010, a 1.6% decrease from the prior year.

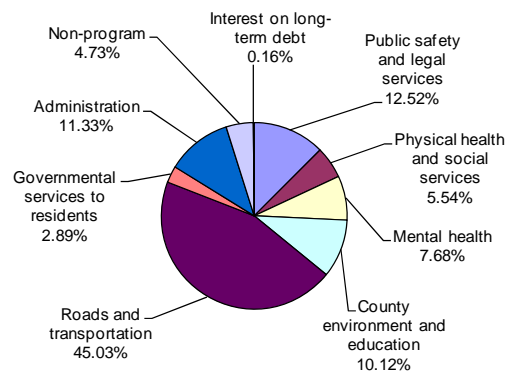
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2010	2009
Revenues:		
Program revenues:		
Charges for service	\$ 1,339	1,042
Operating grants, contributions and restricted interest	4,001	4,255
Capital grants, contributions and restricted interest	1,957	654
General revenues:		
Property tax	4,441	4,399
Penalty and interest on property tax	48	24
State tax credits	230	259
Local option sales tax	298	329
Unrestricted investment earnings	112	160
Gain on disposition of capital assets	-	52
Other general revenues	3	30
Total revenues	12,429	11,204
Program expenses:		
Public safety and legal services	1,549	1,503
Physical health and social services	686	690
Mental health	951	973
County environment and education	1,252	509
Roads and transportation	5,573	4,171
Governmental services to residents	358	366
Administration	1,402	1,419
Non-program	586	333
Interest on long-term debt	20	22
Total expenses	12,377	9,986
Increase in net assets	52	1,218
Net assets beginning of year	21,742	20,524
Net assets end of year	\$ 21,794	21,742

Revenues by Source



Expenses by Function



Revenues for governmental activities increased approximately \$1,225,000 over the prior year. Increases in property tax and capital grants, contributions and restricted interest of approximately \$42,000 and \$1,303,000, respectively, were offset by a decrease in operating grants, contributions and restricted interest of approximately \$254,000. The increase in capital grants, contributions and restricted interest is due primarily to an increase in capital contributions from the Iowa Department of Transportation for farm to market projects and federal money in the Secondary Roads Department from the National Resources Conservation Service for flood control. The decrease in operating grants and contributions can be attributed to a decrease in state support for mental health services provided by Monona County in fiscal year 2010.

The County decreased overall property tax rates 3.4% for fiscal year 2010. Taxable valuation increased 6.4%. This resulted in a slight increase in the County's property tax revenue of approximately \$42,000 in fiscal year 2010.

The cost of all governmental activities this year was approximately \$12.4 million compared to approximately \$10 million last year, an increase of approximately \$ 2.5 million, or 23.9%.

As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was \$5,079,106 because some of the cost was paid by those directly benefited from the programs (\$1,339,358 this year compared to \$1,042,066 last year) or by other governments and organizations which subsidized certain programs with grants and contributions (\$5,958,197 this year compared to \$4,909,146 last year). The County paid for the remaining "public benefit" portion of governmental activities with \$5,130,449 in property tax and other revenues, such as local option sales tax and interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$5.9 million, an 11% decrease from last year's total of approximately \$6.65 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ending fund balance increased \$11,453, or less than 1%. Overall revenues decreased \$24,855, or 1%, while expenditures increased \$82,508, or 2%. Revenues decreased primarily due to a decrease in intergovernmental receipts for the Sheriff's Office and Public Health office. The increase in expenditures is primarily due to increased administrative costs and increased costs for physical health services provided by County Public Health Services.

The County has continued to look for ways to effectively manage the cost of mental health services. The Mental Health Fund balance at year end decreased \$265,499, or 107%, from the prior year. State revenues decreased \$396,906 due to a decrease in the community services fund allocation and increased state budget cuts. Expenditures totaled \$950,776, decreasing 2% from the previous fiscal year. This decrease is attributed to an increase in the federal Medicaid match.

The Rural Services Fund balance increased \$33,472, or 6%, over the prior year. Rural Services Fund revenues increased \$56,911, primarily due to an increase in the taxable valuations for the rural services levies. Rural Services Fund expenditures decreased \$32,350, due primarily to decreases in uniformed patrol services expenditures.

The Secondary Roads Fund balance decreased \$516,166, or 16%, from the prior year. Revenues increased \$423,503, or 12%, over the prior year. This increase can be attributed to increased funding for FEMA disaster work, funding for federal highway projects and NRCS funding for stream stabilization. Secondary Roads Fund expenditures increased \$1,814,040 over the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget one time. The amendment was made on May 18, 2010 and resulted in an increase in budgeted disbursements of \$525,840. The amendment was made primarily to provide for additional disbursements in the Secondary Roads Fund for FEMA flood work and bridge replacement projects.

The County's overall receipts were \$1,089,924 less than budgeted while disbursements were \$724,764 less than the amended budget. Intergovernmental receipts were less than budgeted by \$1,277,499 while charges for service receipts were more than budgeted by \$23,535. Both these variances are primarily due to the County inadvertently budgeting for increased State community services funding as charges for service receipts rather than intergovernmental receipts. Actual disbursements were less than budgeted for the public safety and legal services, physical health and social services, mental health and administration functions by \$135,987, \$92,473, \$36,760 and \$236,936, respectively. These variances were primarily due to the following: (1) public safety and legal services: deputy salary and expenses, criminal prosecution, medical examinations and prisoner expenses, FICA/IPERS, health insurance, detention services, legal fees and drug related expenses were less than anticipated, (2) physical health and social services: programs and services provided to citizens were less than anticipated and the Public Health Department did not replace a registered nurse who left the office in fiscal year 2009, (3) mental health: disbursements for mental health services were less than anticipated and (4) administration: Board proceedings, utilities, equipment replacement and supplies were less than estimated, tuckpointing for the Courthouse was budgeted but not done and data processing and maintenance costs were less than estimated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, Monona County had approximately \$15.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$253,000, or 1.7%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2010	2009
Land	\$ 202	202
Construction in progress, road network	-	544
Construction in progress, other	55	51
Buildings and improvements	1,582	2,477
Equipment and vehicles	2,207	2,042
Infrastructure	11,285	9,762
Total	\$ 15,331	15,078

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

Secondary roads equipment	\$ 594
County environment and education facilities and equipment	46
Parking lot replacement	18
Road network and buildings	1,371
Total	\$ 2,029

The County had depreciation expense of \$967,165 in fiscal year 2010 and total accumulated depreciation of \$9,060,367 at June 30, 2010.

More detailed information about the County's capital assets is presented in Note 3 to the financial statements.

Long-Term Debt

At June 30, 2010, Monona County had approximately \$835,000 in general obligation and other debt outstanding, compared to approximately \$552,000 at June 30, 2009, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
General obligation visitor center note	\$ 250	289
Drainage warrants	585	263
Total	\$ 835	552

Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2011 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2011	2010	Percentage Change
	Dollars Certified	Dollars Certified	
General basic levy	\$ 1,675,446	1,570,988	6.65%
General supplemental levy	1,266,345	1,187,393	6.65%
Mental health levy	368,512	302,581	21.79%
Rural services basic levy	1,392,368	1,300,720	7.05%
Rural services supplemental levy	155,099	164,648	-5.80%
Debt service levy	49,643	50,047	-0.81%
Total	\$ 4,907,413	4,576,377	7.23%

Continued state revenue cutbacks and health insurance increases for the past few years are driving any increases in property tax. No new services were added to the fiscal year 2011 budget. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2011 and fiscal year 2010 are as follows:

	2011	2010	Percentage Change
	General basic levy	\$ 3.50000	3.50000
General supplemental levy	2.64539	2.64539	0.00%
Mental health levy	0.76982	0.67412	14.20%
Rural services basic levy	3.95000	3.95000	0.00%
Rural services supplemental levy	0.44000	0.50000	-12.00%
Debt service levy	0.10280	0.11064	-7.09%
Total	\$ 11.40801	11.38015	0.24%

Budgeted disbursements in the fiscal year 2011 budget are \$11,712,989, a 2.5% increase over the fiscal year 2010 final budgeted disbursements. The countywide taxable valuation increased approximately \$29 million. While Monona County has not added any major programs to the fiscal year 2011 budget, increases are expected for road maintenance and additional FEMA work. Property tax is projected to increase \$229,980.

If these estimates are realized, the County's budgetary balance is expected to decrease \$1,193,233, or 23.5%, to \$3,886,978 by the close of fiscal year 2011.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Monona County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monona County Auditor's Office, 101 Main Street, City of Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at mocoaud@longlines.com.

Basic Financial Statements

Exhibit A

Monona County
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 5,438,281
Receivables:	
Property tax:	
Delinquent	1,894
Succeeding year	4,779,000
Interest and penalty on property tax	1,739
Accounts	35,640
Accrued interest	48,790
Drainage assessments	634,505
Due from other governments	1,104,131
Inventories	881,773
Prepaid expense	235,694
Capital assets (net of accumulated depreciation)	<u>15,330,658</u>
Total assets	<u>28,492,105</u>
Liabilities	
Accounts payable	477,462
Due to other governments	373,153
Deferred revenue:	
Succeeding year property tax	4,779,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation note	40,000
Compensated absences	120,316
Portion due or payable after one year:	
General obligation note	210,000
Drainage warrants	585,240
Compensated absences	100,684
Net OPEB liability	<u>12,442</u>
Total liabilities	<u>6,698,297</u>
Net Assets	
Invested in capital assets, net of related debt	15,080,658
Restricted for:	
Supplemental levy purposes	798,845
Secondary roads purposes	3,374,766
Debt service	317
Drainage warrants	63,448
Other purposes	322,595
Unrestricted	<u>2,153,179</u>
Total net assets	<u>\$ 21,793,808</u>

See notes to financial statements.

Monona County

Statement of Activities

Year ended June 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,549,203	118,175	14,716	-	(1,416,312)
Physical health and social services	686,086	202,553	331,977	-	(151,556)
Mental health	950,780	1,392	378,653	-	(570,735)
County environment and education	1,252,406	51,320	26,093	-	(1,174,993)
Roads and transportation	5,573,440	155,639	3,144,343	1,949,343	(324,115)
Governmental services to residents	357,527	179,593	-	-	(177,934)
Administration	1,401,711	167,304	10,238	-	(1,224,169)
Non-program	585,686	463,382	94,731	8,103	(19,470)
Interest on long-term debt	19,822	-	-	-	(19,822)
Total	\$ 12,376,661	1,339,358	4,000,751	1,957,446	(5,079,106)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,392,194
Debt service					48,507
Penalty and interest on property tax					47,540
State tax credits					230,147
Local option sales tax					298,021
Unrestricted investment earnings					111,364
Miscellaneous					2,676
Total general revenues					5,130,449
Change in net assets					51,343
Net assets beginning of year					21,742,465
Net assets end of year					\$ 21,793,808

See notes to financial statements.

Monona County
Balance Sheet
Governmental Funds

June 30, 2010

Assets	Special Revenue		
	General	Mental Health	Rural Services
Cash and pooled investments	\$ 2,132,504	348,880	572,953
Receivables:			
Property tax:			
Delinquent	1,324	144	401
Succeeding year	2,867,000	355,000	1,509,000
Interest and penalty on property tax	1,739	-	-
Accounts	35,590	-	-
Accrued interest	23,594	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	78,876	-	-
Inventories	-	-	-
Prepaid items	134,998	-	-
Total assets	\$ 5,275,625	704,024	2,082,354
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 19,814	22,118	273
Due to other governments	4,220	344,840	-
Deferred revenue:			
Succeeding year property tax	2,867,000	355,000	1,509,000
Other	21,208	144	401
Total liabilities	2,912,242	722,102	1,509,674
Fund balances:			
Reserved for:			
Supplemental levy purposes	744,020	-	63,955
Drainage warrants	-	-	-
Debt service	-	-	-
Unreserved, reported in:			
General fund	1,619,363	-	-
Special revenue funds	-	(18,078)	508,725
Total fund balances	2,363,383	(18,078)	572,680
Total liabilities and fund balances	\$ 5,275,625	704,024	2,082,354

See notes to financial statements.

Secondary Roads	Nonmajor	Total
1,908,055	339,830	5,302,222
-	25	1,894
-	48,000	4,779,000
-	-	1,739
50	-	35,640
-	25,196	48,790
-	70,688	70,688
-	563,817	563,817
1,015,178	10,077	1,104,131
881,773	-	881,773
100,696	-	235,694
<u>3,905,752</u>	<u>1,057,633</u>	<u>13,025,388</u>
397,223	38,034	477,462
24,093	-	373,153
-	48,000	4,779,000
823,780	642,632	1,488,165
<u>1,245,096</u>	<u>728,666</u>	<u>7,117,780</u>
-	-	807,975
-	6,080	6,080
-	292	292
-	-	1,619,363
<u>2,660,656</u>	<u>322,595</u>	<u>3,473,898</u>
<u>2,660,656</u>	<u>328,967</u>	<u>5,907,608</u>
<u>3,905,752</u>	<u>1,057,633</u>	<u>13,025,388</u>

Monona County

Monona County

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

June 30, 2010

Total governmental fund balances (page 19) \$ 5,907,608

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 \$24,391,025 and the accumulated depreciation is \$9,060,367. 15,330,658

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 1,488,165

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 136,059

Long-term liabilities, including general obligation note payable, drainage warrants payable, other postemployment benefits payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (1,068,682)

Net assets of governmental activities (page 16) \$ 21,793,808

See notes to financial statements.

Monona County

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

Year ended June 30, 2010

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,673,689	289,810	1,429,023
Local option sales tax	-	-	-
Interest and penalty on property tax	47,540	-	-
Intergovernmental	843,067	395,467	69,867
Licenses and permits	18,244	-	-
Charges for service	257,575	-	-
Use of money and property	108,202	-	-
Miscellaneous	66,440	-	-
Total revenues	4,014,757	685,277	1,498,890
Expenditures:			
Operating:			
Public safety and legal services	1,409,254	-	79,473
Physical health and social services	680,218	-	-
Mental health	-	950,776	-
County environment and education	330,500	-	151,444
Roads and transportation	-	-	200,314
Governmental services to residents	353,478	-	3,939
Administration	1,237,514	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	4,010,964	950,776	435,170
Excess (deficiency) of revenues over (under) expenditures	3,793	(265,499)	1,063,720
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	(1,030,248)
Drainage warrants issued	-	-	-
Sale of capital assets	7,660	-	-
Total other financing sources (uses)	7,660	-	(1,030,248)
Net change in fund balances	11,453	(265,499)	33,472
Fund balances beginning of year	2,351,930	247,421	539,208
Fund balances end of year	\$ 2,363,383	(18,078)	572,680

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	48,506	4,441,028
298,021		298,021
-	-	47,540
3,775,668	121,889	5,205,958
845	-	19,089
-	12,947	270,522
-	25,274	133,476
29,148	72,712	168,300
4,103,682	281,328	10,583,934
-	13,500	1,502,227
-	-	680,218
-	-	950,776
-	28,395	510,339
4,761,066	-	4,961,380
-	-	357,417
-	-	1,237,514
-	526,954	526,954
-	231,557	231,557
951,371	-	951,371
5,712,437	800,406	11,909,753
(1,608,755)	(519,078)	(1,325,819)
1,014,589	15,659	1,030,248
-	-	(1,030,248)
-	494,760	494,760
78,000	-	85,660
1,092,589	510,419	580,420
(516,166)	(8,659)	(745,399)
3,176,822	337,626	6,653,007
2,660,656	328,967	5,907,608

Monona County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2010

Net change in fund balances - Total governmental funds (page 23) \$ (745,399)

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 outlays and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,622,794	
Capital assets contributed by the Iowa Department of Transportation	406,491	
Depreciation expense	<u>(967,165)</u>	1,062,120

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (809,882)

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	(331)	
Other	<u>852,607</u>	852,276

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

Issued	(494,760)	
Repaid	<u>211,735</u>	(283,025)

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	(18,776)	
Other postemployment benefits	<u>(12,442)</u>	(31,218)

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 6,471

Change in net assets of governmental activities (page 17) \$ 51,343

See notes to financial statements.

Monona County
Statement of Net Assets
Proprietary Fund
June 30, 2010

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 136,059
Liabilities	
Accounts payable	<u>-</u>
Net Assets	
Unrestricted	<u><u>\$ 136,059</u></u>

See notes to financial statements.

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

Year ended June 30, 2010

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 914,762
Reimbursements from employees and others	116,263
Total operating revenues	<u>1,031,025</u>
Operating expenses:	
Insurance premiums	<u>1,024,810</u>
Operating income	6,215
Non-operating revenues:	
Interest income	256
Net income	<u>6,471</u>
Net assets beginning of year	<u>129,588</u>
Net assets end of year	<u><u>\$ 136,059</u></u>

See notes to financial statements.

Monona County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2010

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 914,762
Cash received from employees and others	116,263
Cash paid to suppliers for services	(1,024,810)
Net cash provided by operating activities	6,215
Cash flows from investing activities:	
Interest on investments	301
Net increase in cash and cash equivalents	6,516
Cash and cash equivalents beginning of year	129,543
Cash and cash equivalents end of year	\$ 136,059
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	\$ 6,215

See notes to financial statements.

Monona County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2010

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,731,020
Other County officials	4,398
Receivables:	
Property tax:	
Delinquent	5,810
Succeeding year	9,209,000
Special assessments	199,158
Drainage assessments:	
Current	4,777
Future	126,946
Total assets	<u>11,281,109</u>

Liabilities

Accounts payable	38,116
Due to other governments	11,228,278
Trusts payable	3,853
Compensated absences	10,862
Total liabilities	<u>11,281,109</u>

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

Monona County

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Monona 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, Monona 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 Monona 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.

Fifty-seven 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 Monona County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. Those districts are included as an Agency Fund of the County. Financial information of the individual drainage districts can be obtained from the Monona 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: Monona County Assessor’s Conference Board, Monona County Emergency Management Commission and Monona County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, Private Industry Council/Local Elected Officials Board, WESCO Industries, Department of Human Services Cluster Board, West Central Development Corporation, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County’s financial statements

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

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

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	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	40 - 50
Improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment and vehicles	2 - 20

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable, other receivables not collected within sixty days after year end and unspent grant proceeds.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time 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, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, 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.

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

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

Net Assets – The unrestricted net assets of the Internal Service Fund are designated for anticipated future health care costs of County employees.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2010 exceeded the amount budgeted in the roads and transportation function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$619,453 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) Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 202,033	-	-	202,033
Construction in progress, road network	543,616	1,370,690	1,914,306	-
Construction in progress, other	51,228	22,366	18,200	55,394
Total capital assets not being depreciated	<u>796,877</u>	<u>1,393,056</u>	<u>1,932,506</u>	<u>257,427</u>
Capital assets being depreciated:				
Buildings	2,835,615	-	842,175	1,993,440
Improvements other than buildings	596,155	36,420	-	632,575
Equipment and vehicles	8,225,413	618,009	335,172	8,508,250
Infrastructure, road network	11,085,027	1,914,306	-	12,999,333
Total capital assets being depreciated	<u>22,742,210</u>	<u>2,568,735</u>	<u>1,177,347</u>	<u>24,133,598</u>
Less accumulated depreciation for:				
Buildings	603,826	154,585	84,216	674,195
Improvements other than buildings	350,561	19,478	-	370,039
Equipment and vehicles	6,183,113	401,799	283,249	6,301,663
Infrastructure, road network	1,323,167	391,303	-	1,714,470
Total accumulated depreciation	<u>8,460,667</u>	<u>967,165</u>	<u>367,465</u>	<u>9,060,367</u>
Total capital assets being depreciated, net	<u>14,281,543</u>	<u>1,601,570</u>	<u>809,882</u>	<u>15,073,231</u>
Governmental activities capital assets, net	<u>\$ 15,078,420</u>	<u>2,994,626</u>	<u>2,742,388</u>	<u>15,330,658</u>

In January 2010, the County entered into an agreement with the Iowa Department of Natural Resources (DNR) under the authority of Iowa Code Sections 28E.4 and 461.25 to complete the Lewis and Clark Visitor Center and share use of the facility. The agreement transfers ownership of the Lewis and Clark Visitor Center from solely Monona County to a joint ownership with DNR. Joint ownership is to last for at least twenty years or until the County has recouped its investment, at which time the building reverts to sole State ownership. During the fiscal year ended June 30, 2010, the County transferred ownership of 50% of the capitalized cost of the Visitor Center, totaling \$842,175, to DNR.

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 54,419
Physical health and social services	723
County environment and education	29,841
Roads and transportation	705,652
Governmental services to residents	650
Administration	<u>175,880</u>
Total depreciation expense - governmental activities	<u>\$ 967,165</u>

(4) 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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 4,220
Special Revenue:		
Mental Health	Services	344,840
Secondary Roads	Services	24,093
Total for governmental funds		<u>\$ 373,153</u>
Agency:		
County Offices	Collections	\$ 545
Agricultural Extension Education		141,074
County Assessor		369,445
Schools		6,726,516
Community Colleges		387,905
Corporations		1,680,779
Townships		202,650
Special Assessments		208,523
Auto License and Use Tax		211,632
Drainage Districts		1,139,104
Other		160,105
Total for agency funds		<u>\$ 11,228,278</u>

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 1,014,589
Flood and Erosion		15,659
Total		<u>\$ 1,030,248</u>

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

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	General Obligation Note	Drainage Warrants	Compen- sated Absences	Other Post Employment Benefits	Total
Balance beginning of year	\$ 289,000	263,215	202,224	-	754,439
Increases	-	494,760	230,112	12,442	737,314
Decreases	39,000	172,735	211,336	-	423,071
Balance end of year	\$ 250,000	585,240	221,000	12,442	1,068,682
Due within one year	\$ 40,000	-	120,316	-	160,316

On December 15, 2005, the County issued a \$400,000 general obligation note to evidence its obligation under a loan agreement entered into in a prior year for the purpose of providing funds to pay a portion of the cost of constructing, furnishing and equipping the Lewis and Clark Visitor Center. The proceeds of the general obligation note were used in December 2005 to redeem the outstanding loan. A summary of the County's June 30, 2010 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	4.00%	\$ 40,000	10,640	50,640
2012	4.10	40,000	9,040	49,040
2013	4.20	41,000	7,400	48,400
2014	4.30	42,000	5,678	47,678
2015	4.40	43,000	3,872	46,872
2016	4.50	44,000	1,980	45,980
Total		\$ 250,000	38,610	288,610

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary for the current year. 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, 2010, 2009 and 2008 were \$257,318, \$229,781 and \$208,356, respectively, equal to the required contributions for each year.

(8) 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 with over 634 members from 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 and 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, 2010 were \$183,975.

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 \$150,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, 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 a separate employee blanket bond in the amounts of \$1,000,000 and \$200,000, 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.

(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, 2010.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 108 active and 1 retiree in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

The health coverage, which is a partially self-funded health plan, is administered by Employee Benefits System (EBS). Retirees receive coverage for the same plan as when they were active. Retirees under age 65 pay the same premium for the health benefits as active employees. Retirees pay more than active employees since they pay their share and the county share, 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, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 15,759
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>15,759</u>
Contributions made	<u>(3,317)</u>
Increase in net OPEB obligation	12,442
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u><u>\$ 12,442</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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, 2010.

For the year ended June 30, 2010, the County contributed \$3,317 to the health plan. Plan members eligible for benefits contributed \$6,732, or 67% 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, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 15,759	21%	12,442

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$163,012 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$163,012. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,592,000 and the ratio of the UAAL to covered payroll was 4.5%. As of June 30, 2010, 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, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% 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 health plan are \$858 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Deficit Fund Balance

The Special Revenue, Mental Health Fund had a deficit fund balance of \$18,078 at June 30, 2010. The deficit balance will be eliminated upon receipt of funds.

Required Supplementary Information

Monona 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, 2010

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 4,763,477	-	4,763,477
Interest and penalty on property tax	47,540	-	47,540
Intergovernmental	5,244,639	68,658	5,175,981
Licenses and permits	22,149	-	22,149
Charges for service	255,490	-	255,490
Use of money and property	138,337	-	138,337
Miscellaneous	258,273	66,900	191,373
Total receipts	<u>10,729,905</u>	<u>135,558</u>	<u>10,594,347</u>
Disbursements:			
Public safety and legal services	1,542,563	-	1,542,563
Physical health and social services	681,751	-	681,751
Mental health	907,090	-	907,090
County environment and education	508,426	-	508,426
Roads and transportation	4,761,331	-	4,761,331
Governmental services to residents	358,099	-	358,099
Administration	1,236,349	-	1,236,349
Non-program	667,495	667,495	-
Debt service	58,820	7,661	51,159
Capital projects	653,206	-	653,206
Total disbursements	<u>11,375,130</u>	<u>675,156</u>	<u>10,699,974</u>
Excess (deficiency) of receipts over (under) disbursements	(645,225)	(539,598)	(105,627)
Other financing sources, net	494,760	494,760	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(150,465)	(44,838)	(105,627)
Balance beginning of year	5,452,687	207,768	5,244,919
Balance end of year	<u>\$ 5,302,222</u>	<u>162,930</u>	<u>5,139,292</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
4,716,696	4,716,696	46,781
24,200	24,200	23,340
6,441,295	6,453,480	(1,277,499)
10,200	10,200	11,949
231,955	231,955	23,535
193,810	193,810	(55,473)
44,930	53,930	137,443
<u>11,663,086</u>	<u>11,684,271</u>	<u>(1,089,924)</u>
1,671,550	1,678,550	135,987
769,724	774,224	92,473
943,850	943,850	36,760
608,998	614,198	105,772
4,183,033	4,683,033	(78,298)
431,437	431,437	73,338
1,464,145	1,473,285	236,936
-	-	-
51,161	51,161	2
775,000	775,000	121,794
<u>10,898,898</u>	<u>11,424,738</u>	<u>724,764</u>
764,188	259,533	(365,160)
-	-	-
764,188	259,533	(365,160)
<u>3,965,031</u>	<u>3,965,031</u>	<u>1,279,888</u>
<u>4,729,219</u>	<u>4,224,564</u>	<u>914,728</u>

Monona County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 10,729,905	(145,971)	10,583,934
Expenditures	11,375,130	534,623	11,909,753
Net	(645,225)	(680,594)	(1,325,819)
Other financing sources, net	494,760	85,660	580,420
Beginning fund balances	5,452,687	1,200,320	6,653,007
Ending fund balances	\$ 5,302,222	605,386	5,907,608

See accompanying independent auditor's report.

Monona County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

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, the Internal Service Fund 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 ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$525,840. 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.

Disbursements during the year ended June 30, 2010 exceeded the amount budgeted in the roads and transportation function.

Monona County

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

Required Supplementary Information

Year Ended June 30,	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)
2010	Jul 1, 2009	-	\$ 163	163	0.00%	\$ 3,592	4.5%

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

Monona County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2010

	County Attorney Confiscated Property	County Sheriff Confiscated Property	DARE	Jail Trust	Resource Enhancement and Protection	Special County Recorder's Records Management
Assets						
Cash and pooled investments	\$ 26,757	7,579	5,865	31,668	42,391	32,797
Receivables:						
Property tax:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Drainage assessments:						
Current	-	-	-	-	-	-
Future	-	-	-	-	-	-
Due from other governments	-	-	-	1,415	-	360
Total assets	\$ 26,757	7,579	5,865	33,083	42,391	33,157
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ -	-	-	-	-	-
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund equity:						
Fund balances:						
Reserved for:						
Drainage warrants	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved	26,757	7,579	5,865	33,083	42,391	33,157
Total fund equity	26,757	7,579	5,865	33,083	42,391	33,157
Total liabilities and fund equity	\$ 26,757	7,579	5,865	33,083	42,391	33,157

See accompanying independent auditor's report.

Revenue								
County	Recorder's	Conservation	Conservation	Drainage	Flood	Archer	Debt	Total
	Electronic	Land	Trust	Districts	and	Trust	Service	
	Transaction Fee	Acquisition			Erosion			
	310	9,829	3,391	162,930	8,159	7,862	292	339,830
	-	-	-	-	-	-	25	25
	-	-	-	-	-	-	48,000	48,000
	-	-	-	25,196	-	-	-	25,196
	-	-	-	70,688	-	-	-	70,688
	-	-	-	563,817	-	-	-	563,817
	-	-	199	8,103	-	-	-	10,077
	310	9,829	3,590	830,734	8,159	7,862	48,317	1,057,633
	-	-	-	38,034	-	-	-	38,034
	-	-	-	-	-	-	48,000	48,000
	-	-	-	642,607	-	-	25	642,632
	-	-	-	680,641	-	-	48,025	728,666
	-	-	-	6,080	-	-	-	6,080
	-	-	-	-	-	-	292	292
	310	9,829	3,590	144,013	8,159	7,862	-	322,595
	310	9,829	3,590	150,093	8,159	7,862	292	328,967
	310	9,829	3,590	830,734	8,159	7,862	48,317	1,057,633

Monona County

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

Year ended June 30, 2010

	County Attorney Confiscated Property	County Sheriff Confiscated Property	DARE	Jail Trust	Resource Enhancement and Protection	Special County Recorder's Records Management
Revenues:						
Property tax	\$ -	-	-	-	-	-
Intergovernmental	-	-	-	-	24,585	-
Charges for service	-	-	-	10,920	-	2,027
Use of money and property	-	-	-	-	39	39
Miscellaneous	-	-	1,405	-	-	-
Total revenues	-	-	1,405	10,920	24,624	2,066
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	13,500	-	-
County environment and education	-	-	2,426	-	13,573	-
Non-program	270	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	270	-	2,426	13,500	13,573	-
Excess (deficiency) of revenues over (under) expenditures	(270)	-	(1,021)	(2,580)	11,051	2,066
Other financing sources:						
Operating transfers in	-	-	-	-	-	-
Drainage warrant proceeds	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(270)	-	(1,021)	(2,580)	11,051	2,066
Fund balances beginning of year	27,027	7,579	6,886	35,663	31,340	31,091
Fund balances end of year	\$ 26,757	7,579	5,865	33,083	42,391	33,157

See accompanying independent auditor's report.

Revenue							
County	Recorder's	Conservation			Flood		
Electronic	Land	Conservation	Drainage	and	Archer	Debt	
Transaction Fee	Acquisition	Trust	Districts	Erosion	Trust	Service	Total
-	-	-	-	-	-	48,506	48,506
-	-	-	94,732	-	-	2,572	121,889
-	-	-	-	-	-	-	12,947
-	-	-	25,196	-	-	-	25,274
-	-	4,406	66,901	-	-	-	72,712
-	-	4,406	186,829	-	-	51,078	281,328
-	-	-	-	-	-	-	13,500
-	-	4,896	-	7,500	-	-	28,395
-	-	-	526,684	-	-	-	526,954
-	-	-	180,397	-	-	51,160	231,557
-	-	4,896	707,081	7,500	-	51,160	800,406
-	-	(490)	(520,252)	(7,500)	-	(82)	(519,078)
-	-	-	-	15,659	-	-	15,659
-	-	-	494,760	-	-	-	494,760
-	-	-	494,760	15,659	-	-	510,419
-	-	(490)	(25,492)	8,159	-	(82)	(8,659)
310	9,829	4,080	175,585	-	7,862	374	337,626
310	9,829	3,590	150,093	8,159	7,862	292	328,967

Monona County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	2,013	155,815	102,309	5,728
Other County officials	4,398	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	61	110	3,207	177
Succeeding year	-	139,000	223,000	6,621,000	382,000
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Total assets	\$ 4,398	141,074	378,925	6,726,516	387,905
Liabilities					
Accounts payable	\$ -	-	-	-	-
Due to other governments	545	141,074	369,445	6,726,516	387,905
Trusts payable	3,853	-	-	-	-
Compensated absences	-	-	9,480	-	-
Total liabilities	\$ 4,398	141,074	378,925	6,726,516	387,905

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
36,567	2,608	9,365	211,632	1,044,515	160,468	1,731,020
-	-	-	-	-	-	4,398
2,212	42	-	-	-	1	5,810
1,642,000	200,000	-	-	-	2,000	9,209,000
-	-	199,158	-	-	-	199,158
-	-	-	-	4,777	-	4,777
-	-	-	-	126,946	-	126,946
<u>1,680,779</u>	<u>202,650</u>	<u>208,523</u>	<u>211,632</u>	<u>1,176,238</u>	<u>162,469</u>	<u>11,281,109</u>
-	-	-	-	37,134	982	38,116
1,680,779	202,650	208,523	211,632	1,139,104	160,105	11,228,278
-	-	-	-	-	-	3,853
-	-	-	-	-	1,382	10,862
<u>1,680,779</u>	<u>202,650</u>	<u>208,523</u>	<u>211,632</u>	<u>1,176,238</u>	<u>162,469</u>	<u>11,281,109</u>

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 6,288	125,410	383,289	6,325,335	364,901
Additions:					
Property and other county tax	-	139,233	222,776	6,615,173	375,780
E911 surcharges	-	-	-	-	-
State tax credits	-	6,559	21,708	331,977	18,621
Electronic transaction fees	-	-	-	-	-
Office fees and collections	254,782	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	54,198	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	308,980	145,792	244,484	6,947,150	394,401
Deductions:					
Agency remittances:					
To other funds	138,260	-	-	-	-
To other governments	117,848	130,128	248,848	6,545,969	371,397
Trusts paid out	54,762	-	-	-	-
Total deductions	310,870	130,128	248,848	6,545,969	371,397
Balances end of year	\$ 4,398	141,074	378,925	6,726,516	387,905

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
1,601,200	199,036	190,265	216,969	1,376,506	170,118	10,959,317
1,620,761	200,768	-	-	-	2,305	9,176,796
-	-	-	-	-	96,584	96,584
96,618	9,687	-	-	-	70	485,240
-	-	-	-	-	5,355	5,355
-	-	-	-	-	-	254,782
-	-	-	2,647,745	-	-	2,647,745
-	-	72,996	-	771,844	-	844,840
-	-	-	-	-	145,192	199,390
-	-	-	-	172,004	98,070	270,074
1,717,379	210,455	72,996	2,647,745	943,848	347,576	13,980,806
-	-	-	106,933	-	-	245,193
1,637,800	206,841	54,738	2,546,149	1,144,116	210,033	13,213,867
-	-	-	-	-	145,192	199,954
1,637,800	206,841	54,738	2,653,082	1,144,116	355,225	13,659,014
1,680,779	202,650	208,523	211,632	1,176,238	162,469	11,281,109

Monona County

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

For the Last Ten Years

	2010	2009	2008	2007
Revenues:				
Property and other county tax	\$ 4,441,028	4,402,891	4,156,786	3,827,396
Local option sales tax	298,021	328,949	312,547	259,019
Interest and penalty on property tax	47,540	36,760	34,794	34,660
Intergovernmental	5,205,958	5,135,888	4,566,620	4,119,028
Licenses and permits	19,089	15,549	13,291	4,782
Charges for service	270,522	258,797	243,990	244,281
Use of money and property	133,476	172,916	281,898	273,883
Miscellaneous	168,300	293,012	261,580	227,401
Total	\$ 10,583,934	10,644,762	9,871,506	8,990,450
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,502,227	1,445,381	1,410,859	1,524,442
Physical health and social services	680,218	665,971	648,216	642,486
Mental health	950,776	972,878	947,118	876,352
County environment and education	510,339	541,371	484,672	422,869
Roads and transportation	4,961,380	3,360,561	3,225,385	3,616,304
Governmental services to residents	357,417	351,495	317,837	299,698
Administration	1,237,514	1,276,578	1,186,945	1,192,533
Non-program	526,954	263,501	198,781	214,719
Debt service	231,557	209,096	293,199	118,219
Capital projects	951,371	711,791	713,985	333,017
Total	\$ 11,909,753	9,798,623	9,426,997	9,240,639

See accompanying independent auditor's report.

Modified Accrual Basis					
2006	2005	2004	2003	2002	2001
3,505,877	3,236,275	3,578,571	3,668,858	3,748,806	3,007,151
286,700	279,548	266,414	291,179	276,474	244,160
36,065	29,574	32,998	29,779	36,635	27,592
4,404,664	4,840,236	4,380,663	3,967,265	4,240,160	4,514,153
14,988	8,383	6,894	4,428	5,065	5,311
254,502	266,643	256,727	232,201	222,179	185,234
220,167	135,752	115,425	149,762	214,789	294,075
242,476	160,735	202,117	319,966	638,430	259,866
8,965,439	8,957,146	8,839,809	8,663,438	9,382,538	8,537,542
1,366,019	1,286,130	1,236,371	1,342,558	1,147,604	1,296,869
678,994	683,490	663,052	659,620	669,676	613,781
731,575	704,122	743,359	713,374	799,518	801,328
409,006	457,116	431,777	480,139	477,124	470,445
3,560,787	3,705,814	3,762,048	3,024,313	3,663,506	3,751,110
420,487	270,144	285,714	263,465	296,038	296,632
1,226,434	995,626	1,024,697	1,048,211	1,010,075	916,023
140,830	63,758	61,913	160,425	415,278	145,575
71,399	55,308	71,039	323,124	184,230	242,437
659,460	518,434	2,098,484	263,873	708,162	771,318
9,264,991	8,739,942	10,378,454	8,279,102	9,371,211	9,305,518

Schedule 6

Monona County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S Department of Agriculture:			
Natural Resources Conservation Services:			
Emergency Watershed Protection Program	10.923	69-6114-9-75	\$ 247,326
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		10,030
U.S Department of the Interior:			
Iowa Department of Cultural Affairs:			
Historic Preservation Fund Grant in Aid	15.904	2008-04	12,105
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO67(67)-8J-67	280,908
Highway Planning and Construction	20.205	BROS-CO67(66)-8J-67	45,509
			326,417
National Highway Traffic Safety Administration:			
Iowa Governors Safety Traffic Bureau:			
Safety Belt Performance Grant	20.609		4,500
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund Government Services Recovery Act	84.397		28,878
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Siouxland District Health Department:			
Public Health Emergency Preparedness	93.069	5889BT03-LPHA6704	59,440
Immunization Grants	93.268	5880I492	8,631
ARRA - Immunization	93.712		1,797
Iowa Department of Human Services:			
Siouxland Aging Services, Inc.:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		564
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		5,323
Refugee and Entrant Assistance - State Administered Programs	93.566		28
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,633
Foster Care -Title IV-E	93.658		5,382

Monona County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Adoption Assistance	93.659		1,346
Children's Health Insurance Program	93.767		61
Medical Assistance Program	93.778		11,349
Social Services Block Grant	93.667		54,679
Social Services Block Grant	93.667		5,376
			<u>60,055</u>
Crawford County Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994	5889MH08	2,177
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1705 DR IA	122,683
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763 DR IA	1,006,873
			<u>1,129,556</u>
Emergency Management Performance Grants	97.042		29,362
Total indirect			<u>1,699,634</u>
Total			<u>\$ 1,946,960</u>

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

Monona County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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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 Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 18, 2011. 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 Monona 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 Monona County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Monona 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-10 through II-E-10 to be significant deficiencies.

Compliance and Other Matters

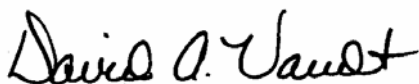
As part of obtaining reasonable assurance about whether Monona County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 which 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, 2010 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.


Monona 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 Monona 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 Monona County and other parties to whom Monona County may report, including federal awarding agencies and pass through entities, and 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 Monona 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 18, 2011



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Independent Auditor's Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133

To the Officials of Monona County:

Compliance

We have audited Monona County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal program for the year ended June 30, 2010. Monona 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 Monona County's management. Our responsibility is to express an opinion on Monona 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 Monona 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 Monona County's compliance with those requirements.

In our opinion, Monona County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and is described as item III-A-10 in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

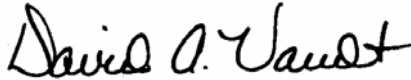
The management of Monona County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Monona County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monona County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

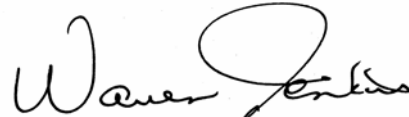
A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-B-10 to be a material weakness.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Monona County and other parties to whom Monona County may report, including federal awarding agencies and pass-through entities, and 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 18, 2011

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 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) Monona County did not qualify as a low-risk auditee.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 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) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts and disbursements. Also, the bank reconciliations are not reviewed by a person who is not responsible for receipts and disbursements.	Treasurer, Sheriff, Recorder and County Extension
(2) An independent reconciliation of recorded receipts to the initial listing is not performed.	Treasurer
(3) The person responsible for the detailed record keeping of investments is not independent of the custodian.	Treasurer
(4) Inventory and supplies receiving, accounting and custody responsibilities are not properly segregated.	Secondary Roads

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, officials should review the internal control activities of their offices to obtain the maximum internal control possible under the circumstances. The officials should utilize current personal to provide additional control through review of financial transactions, reconciliations and reports. Reviews performed by an independent person should be evidenced by the initials or signature of the reviewer and the date of the review.

Responses –

Treasurer – We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record keeping and reconciling functions currently performed by the Deputy Treasurer will be separated and spread among the County Treasurer, Deputy Treasurer and Clerk.

Sheriff – The Sheriff's office will attempt to utilize several people in the receipt and distribution of funds to the office. All parties will initial their work and the

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Sheriff or his designee will make a final review and initial that he has examined the documents.

Recorder – I think this is the usual problem for the Recorder's office. We don't have any more staff to work with, and I know the State Auditor is aware of that fact. We all look over the deposits and reconcile the check book.

Secondary Roads – The Secondary Roads Department intends to implement procedures to segregate the duties of ordering and receiving supplies.

County Extension – Monona County Ag Extension staff will continue to divide duties for maximum internal control of finances. The Extension Council is provided access to all records and procedures.

Conclusions –

Treasurer – Response accepted.

Sheriff – Response accepted.

Recorder – Response acknowledged. The County Recorder should also utilize current personnel, including other offices, to provide additional control through review of financial transactions, reconciliations and reports.

Secondary Roads – Response accepted.

County Extension – Response accepted.

- II-B-10 Financial Reporting – During the audit, we identified material amounts of receivables not recorded in the County's financial statements. Adjustments were subsequently made by the County to include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables are identified and included in the County's financial reports.

Response – Monona County has reviewed procedures and has adopted a procurement policy which has improved the recording of payables and receivables. Proper documentation is now required before payment is made.

Conclusion – Response accepted.

- II-C-10 Information Systems – The County has not developed a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – Each department is either working on or have completed an individual disaster recovery plan. After complete, the plans will be combined into a Countywide Disaster Recovery Plan.

Conclusion – Response accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

- II-D-10 County Sheriff's Credit Card – During the year, \$15 of late fees were assessed on the County Sheriff's credit card.

Recommendation – The County should establish procedures to ensure the timely payment of all bills and to ensure charges are within credit limits to avoid penalties.

Response – The Clerk will provide the County Auditor's Office the credit card statements in a timely manner. Credit card statements will be brought to the County Auditor with claim within a couple of days of receipt of statement.

Conclusion – Response accepted.

- II-E-10 Capital Assets – Detailed capital asset records are maintained. However, Board authorization is not consistently obtained prior to purchase or disposition of equipment.

Recommendation – A system to obtain authorization prior to purchasing or disposing of equipment items should be developed. Procedures should ensure assets properly approved are added and deleted from the capital assets records.

Response – Monona County has adopted a procurement policy which requires documentation and Board approval before selling and purchasing capital assets. This ensures we will have written documentation and Board approval before capital assets are added and/or deleted from capital assets records.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Pass-through Agency Number: FEMA 1763 DRIA

Federal Award Year: 2010

U.S. Department of Homeland Security

Passed through the Iowa Department of Public Defense

III-A-10 Allowable Costs – All Federal costs are to be properly documented and supported in accordance with OMB Circular A-87. As part of the disaster assistance and hazard mitigation project, the County provided staff labor and equipment to conduct the repairs. Supporting documentation for force account labor hours and equipment was to include load tickets, payroll, invoices and other applicable supporting documentation.

The County used predetermined hourly rates rather than actual payroll rates for reporting force account labor hours. For three of the projects selected for testing, documentation supporting material costs of \$19,512 was not available for review.

The FEMA worksheets were not properly reviewed to ensure they reconcile to Monona County employee timesheets and to ensure load tickets support amounts reported for materials used.

Recommendation – The County should implement procedures to ensure expenditures are properly supported. The County should also determine the proper payroll rates are applied to projects and worksheets for force account labor hours are reviewed for accuracy. In addition, the County should work with the Iowa Department of Public Defense to determine the appropriate resolution of the questioned costs.

Response and Corrective Action Planned - Monona County Secondary Roads Department is working with the Homeland Security and Emergency Management Division of the Iowa Department of Public Defense to rectify and assure the appropriate wage rates are being applied and that all materials are accounted for.

In addition, the County will make the practice of reconciling bi-weekly employee timesheets with labor and materials force account sheets a standard practice for future projects related to disaster recovery activities.

Unfortunately, the monitoring of the recovery activities for FEMA Disaster No. 1763 took place during a transition period in the Monona County Engineer's office. It is our belief the experience gained through this disaster will help this County better navigate the FEMA process in future events.

Conclusion – Response accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

INTERNAL CONTROL DEFICIENCY:

CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Pass-through Agency Number: FEMA 1763 DRIA

Federal Award Year: 2010

U.S. Department of Homeland Security

Passed through the Iowa Department of Public Defense

III-B-10 Segregation of Duties over Federal Revenues – The County Treasurer did not properly segregate collection, deposit preparation and reconciliation functions for revenues, including those relating to federal programs. See item II-A-10.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amount budgeted in the roads and transportation function.

The notice of the budget amendment hearing was not published at least 10 days prior to the hearing as required by Chapters 331.434(2) and 331.435 of the Code of Iowa

Recommendation – The budget should be amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. The notice of the budget amendment hearing should be published not less than 10 days or more than 20 days prior to the hearing, as required.

Response – Secondary Roads disbursements reports are now split by function to ensure disbursements don't exceed the budget. The County Auditor and Supervisors will ensure the budget publication is done within the required time limits before holding a public hearing.

Conclusion – Response accepted.

IV-B-10 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-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-10 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-10 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-10 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-I-10 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, 2010 for the County Extension Office did not exceed the amount budgeted.

IV-J-10 Deficit Fund Balance – The Special Revenue, Mental Health Fund had a deficit fund balance of \$18,078 at June 30, 2010.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The Supervisors, County Auditor and department head will ensure all procedures are followed if the balance is expected to be a deficit in future years.

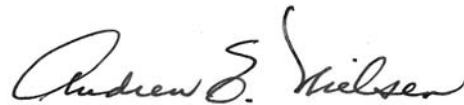
Conclusion – Response accepted.

Monona County

Staff

This audit was performed by:

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Michael J. Hackett, Senior Auditor
Patricia J. King, Senior Auditor II
Marta M. Sobieszkoda, Staff Auditor
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