



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 7, 2011

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$7,612,632 for the year ended June 30, 2010, which included \$364,377 in tax credits from the state. The County forwarded \$4,506,872 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,105,760 of the local tax revenue to finance County operations, a 7.1% increase over the prior year. Other revenues included charges for service of \$754,836, operating grants, contributions and restricted interest of \$2,650,264, capital grants, contributions and restricted interest of \$2,865,052, unrestricted investment earnings of \$57,385, local option sales tax of \$234,602 and other general revenues of \$187,407.

Expenses for County operations totaled \$6,468,296, a 10.0% decrease from the prior year. Expenses included \$2,962,405 for roads and transportation, \$885,354 for public safety and legal services and \$728,947 for administration. The significant decrease in expenses is due to the County assisting with the financing for an Aquatic Center in Corning, Iowa in fiscal year 2009 using the proceeds of local option sales tax revenue bonds issued.

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/1010-0002-B00F.pdf>.

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ADAMS COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2010

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Adams County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Linda England	Board of Supervisors	Jan 2011
Phyllis Mullen	Board of Supervisors	Jan 2011
Kevin Wynn	Board of Supervisors	Jan 2011
Karl McCarty	Board of Supervisors	Jan 2013
Mark Olive	Board of Supervisors	Jan 2013
Nicole Tucker	County Auditor	(Resigned Jan 2010)
Nancy Carmichael (Appointed)	County Auditor	Nov 2012
Nancy Kempton	County Treasurer	Jan 2011
Mary Miller	County Recorder	Jan 2011
Bill Lyddon	County Sheriff	Jan 2013
Jeff Millhollin	County Attorney	Jan 2011
Carolyn Burroughs	County Assessor	(Resigned Jan 2010)
Wesley Ray (Appointed)	County Assessor	Jan 2016

Adams County



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Independent Auditor's Report

To the Officials of Adams County:

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

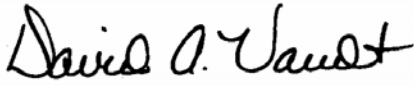
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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 Adams County at June 30, 2010, and the respective changes in financial position 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 May 10, 2011 on our consideration of Adams 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 the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 42 through 45 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 Adams 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 5 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

May 10, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Adams 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

- Adams County's governmental activities revenues increased 51.2%, or approximately \$3,336,000, from fiscal year 2009 to fiscal year 2010. Property tax increased approximately \$225,000. Operating grants, contributions and restricted interest increased approximately \$53,000 and capital grants, contributions and restricted interest increased approximately \$2,865,000, of which approximately \$2,738,000 was from the Iowa Department of Transportation.
- Program expenses of the County's governmental activities were 10.0%, or approximately \$721,000, less in fiscal year 2010 than in fiscal year 2009. County environment and education expenses decreased approximately \$1,052,000.
- The County's net assets increased 104.6%, or approximately \$3,387,000, 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 Adams 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 Adams 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 Adams 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.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two 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) 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 the County Assessor, Empowerment and CPC case management administration, 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. Adams County's combined net assets increased 104.6% over a year ago, increasing from approximately \$3.2 million to approximately \$6.6 million. The analysis that follows focuses on the net assets of governmental activities.

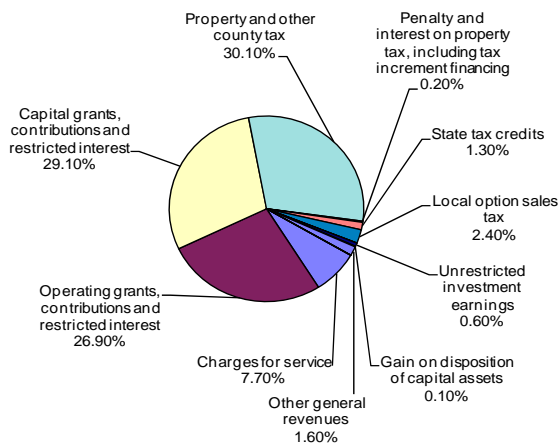
Net Assets of Governmental Activities		
	June 30,	
	2010	2009
Current and other assets	\$ 6,404,237	5,641,944
Capital assets	8,582,726	6,051,321
Total assets	<u>14,986,963</u>	<u>11,693,265</u>
Long-term liabilities	5,163,602	5,324,807
Other liabilities	3,198,034	3,130,141
Total liabilities	<u>8,361,636</u>	<u>8,454,948</u>
Net assets:		
Invested in capital assets, net of related debt	8,527,726	5,941,321
Restricted	1,793,803	1,298,317
Unrestricted	(3,696,202)	(4,001,321)
Total net assets	<u>\$ 6,625,327</u>	<u>3,238,317</u>

Net assets of Adams County's governmental activities increased 104.6% (\$6.6 million compared to \$3.2 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$4.0 million at June 30, 2009 to a deficit of approximately \$3.7 million at the end of this year. The deficit of \$3,696,202 is due primarily to urban renewal tax increment revenue bonds of \$4.06 million and local option sales tax revenue bonds of \$1.03 million for which the assets acquired by the debt proceeds are not recorded by the County.

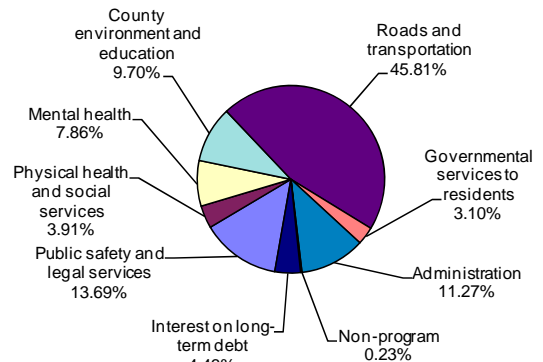
Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2010	2009
Revenues:		
Program revenues:		
Charges for service	\$ 754,836	642,910
Operating grants, contributions and restricted interest	2,650,264	2,597,271
Capital grants, contributions and restricted interest	2,865,052	-
General revenues:		
Property and other county tax, including tax increment financing	2,977,269	2,752,228
Penalty and interest on property tax	18,843	16,566
State tax credits	128,491	147,166
Local option sales tax	234,602	219,315
Unrestricted investment earnings	57,385	65,256
Gain on disposition of capital assets	13,655	-
Other general revenues	154,909	78,951
Total revenues	9,855,306	6,519,663
Program expenses:		
Public safety and legal services	885,354	874,237
Physical health and social services	253,135	248,846
Mental health	508,267	493,423
County environment and education	627,712	1,680,155
Roads and transportation	2,962,405	2,791,201
Governmental services to residents	200,837	184,670
Administration	728,947	605,397
Non-program	14,870	21,918
Interest on long-term debt	286,769	289,324
Total expenses	6,468,296	7,189,171
Increase in net assets	3,387,010	(669,508)
Net assets beginning of year	3,238,317	3,907,825
Net assets end of year	\$ 6,625,327	3,238,317

Revenues by Source



Expenses by Program



Adams County decreased property tax rates \$.09033 per \$1,000 of taxable valuation in the countywide levy and increased property tax rates \$.10687 per \$1,000 of taxable valuation in the rural services levy. The fiscal year 2010 Adams County taxable property valuation increased \$9,174,354. The General Assembly allows counties to exceed the statutory maximum levy rate of \$3.50 per \$1,000 of property valuation for the general basic tax levy for property tax when the conditions specified by statute are met. Adams County's general basic tax levy for fiscal year 2010 was \$4.00 per \$1,000 of taxable valuation. The net effect of these changes raised the County's property and other county tax revenue \$225,041 in fiscal year 2010. Of the increase for property and other county tax revenue, \$461,772 relates to collections for tax increment financing.

INDIVIDUAL MAJOR FUND ANALYSIS

As Adams County completed the year, its governmental funds reported a combined fund balance of approximately \$3.2 million, an increase of \$662,741 over last year's total of approximately \$2.5 million. The increase in the combined fund balance is due primarily to an increase in the General and Special Revenue, Secondary Roads and Urban Renewal Funds. Changes in fund balances of the major funds from the prior year are as follows:

- General Fund revenues increased \$122,102 and expenditures increased \$209,198. The General Fund ending balance increased \$162,260 over the prior year to \$1,150,217. Revenue increased in the General Fund mainly due to an increase in miscellaneous revenues of \$94,181, which consisted of reimbursements for storm damage. Expenditures increased \$132,472 in administration, primarily due to an increase in GIS mapping services purchased from Midland GIS in fiscal year 2010 compared to fiscal year 2009.
- The County has continued to look for ways to effectively manage the cost of mental health services. Mental Health Fund revenues decreased \$54,913, due primarily to a decrease in funding for the MH-DD allowable growth factor adjustment and tax collections. Expenditures increased \$10,896. The Mental Health Fund balance at year end increased \$26,581 over the prior year to \$153,049.
- Rural Services Fund revenues increased \$61,756, primarily due to increased property tax. The Rural Services Fund ending balance increased \$15,251 over the prior year to \$137,910. Transfers to the Secondary Roads Fund increased \$23,719.
- Secondary Roads Fund expenditures increased \$142,788 from the prior year, due primarily to more road, snow and ice control costs incurred during the year. Secondary Roads Fund revenues increased \$294,274. The increase in revenues is due to the County receiving more State and Federal pass-through revenues for disaster assistance and road construction projects during fiscal year 2010. These changes resulted in an increase in the Secondary Roads Fund ending balance of \$155,836 over fiscal year 2009 to \$666,409.
- Local Option Sales Tax Fund expenditures decreased \$1,035,688 from the prior year, due primarily to decreased spending for the aquatic center located and operated as a joint venture with the City of Corning. Revenues increased \$15,287. As required by the revenue bond resolution, transfers of \$96,450 and \$94,508 were made during fiscal year 2010 to the Aquatic Center Reserve and Aquatic Center Sinking Funds, respectively. These changes resulted in a decrease in the Local Option Sales Tax Fund ending balance of \$62,515 from fiscal year 2009 to \$149,365.

BUDGETARY HIGHLIGHTS

Over the course of the year, Adams County amended its budget once. The amendment was made on May 26, 2010 and resulted in an increase in budgeted disbursements of \$246,704, related primarily to increases in disbursements due to increased expenditures for animal control, Lake Icaria Conservation buildings, computer scanning software and geographic information systems (GIS).

The County's actual receipts were \$88,291 less than the amended budget, a variance of 1.3%. The variance resulted from the County receiving less intergovernmental and more property and other county tax than anticipated.

Total actual disbursements were \$683,221 less than the amended budget. Actual disbursements for the physical health and social services, public safety and legal services and roads and transportation functions were under the amended budget by \$203,196, \$139,175 and \$106,530, respectively.

Even with the budget amendment the County exceeded the budgeted amount in the capital projects function for the year ended June 30, 2010. The County's capital disbursements for fiscal year 2010 roads and other capital projects were not sufficiently budgeted for.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, Adams County had approximately \$8.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2010	2009
Land	\$ 265,266	265,266
Buildings and improvements	1,656,217	1,728,962
Equipment and vehicles	1,627,742	1,521,230
Infrastructure	5,033,501	2,535,863
Total	\$ 8,582,726	6,051,321
This year's major additions included:		
Ambulance	\$ 146,000	
Road grader	203,949	
Capital assets contributed by the Iowa Department of Transportation	2,738,060	
Total	\$ 3,088,009	

The County had depreciation expense of \$549,914 in fiscal year 2010 and total accumulated depreciation of \$3,612,140 at June 30, 2010. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2010, Adams County had \$4,910,453 in long-term debt outstanding, compared to \$5,145,000 at June 30, 2009.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2010	2009
General obligation capital loan notes	\$ 55,000	110,000
Revenue bonds	4,855,453	5,035,000
Total	\$ 4,910,453	5,145,000

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Adams County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$16.4 million. 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

Adams County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Adams County's employment (number of persons working) has declined over 10 percent over the past 5 years. Total resident employment in 2010 was 1,980 and total resident employment in 2009 was 2,150. Unemployment in the County decreased from 6.0% in 2009 to 5.1% in 2010. This compares with the State's unemployment rate of 6.1% and the national rate of 9.5%.

These indicators were taken into account when adopting the budget for fiscal year 2011. Amounts available for appropriation in the fiscal year 2011 operating budget are \$6,572,656, a decrease of 6.0% from the final fiscal year 2010 budget. The decrease is due primarily to FEMA and insurance reimbursements and disbursements related to project costs corresponding to flooding and other storm related damages during fiscal years 2009 and 2010.

If these estimates are realized, the County's budgetary operating balance is expected to decrease from approximately \$3,315,000 to approximately \$2,974,000 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 Adams 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 Adams County Auditor's Office, 500 9th Street, Corning, Iowa, 50841.

Adams County

Basic Financial Statements

Adams County
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 3,134,870
Receivables:	
Property tax:	
Delinquent	1,665
Succeeding year	2,913,000
Accounts	95,175
Accrued interest	4,705
Due from other governments	184,275
Inventories	70,547
Capital assets (net of accumulated depreciation)	<u>8,582,726</u>
Total assets	<u>14,986,963</u>
Liabilities	
Accounts payable	170,937
Salaries and benefits payable	15,174
Due to other governments	98,923
Deferred revenue:	
Succeeding year property tax	2,913,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital loan notes	55,000
Revenue bonds	187,132
Compensated absences	188,205
Portion due or payable after one year:	
Revenue bonds	4,668,321
Compensated absences	38,788
Net OPEB liability	26,156
Total liabilities	<u>8,361,636</u>
Net Assets	
Invested in capital assets, net of related debt	8,527,726
Restricted for:	
Supplemental levy	452,847
Mental health purposes	153,128
Secondary roads purposes	580,164
Water agreement	62,500
Debt service	972
Other purposes	544,192
Unrestricted	<u>(3,696,202)</u>
Total net assets	<u>\$ 6,625,327</u>

See notes to financial statements.

Adams County

Statement of Activities

Year ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Expenses				
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 885,354	323,646	2,728	(558,980)
Physical health and social services	253,135	22,445	116,198	(114,492)
Mental health	508,267	70,743	321,566	(115,958)
County environment and education	627,712	204,062	57,293	(366,357)
Roads and transportation	2,962,405	26,345	2,142,338	2,071,330
Governmental services to residents	200,837	99,993	10,141	(90,703)
Administration	728,947	7,602	-	(721,345)
Non-program	14,870	-	-	(14,870)
Debt service	286,769	-	-	(286,769)
Total	\$ 6,468,296	754,836	2,650,264	2,865,052
General Revenues:				
Property and other county tax levied for:				
General purposes				2,460,722
Debt service				54,775
Tax increment financing				461,772
Penalty and interest on property tax				18,843
State tax credits				128,491
Local option sales tax				234,602
Unrestricted investment earnings				57,385
Gain on disposition of capital assets				13,655
Miscellaneous				154,909
Total general revenues				3,585,154
Change in net assets				3,387,010
Net assets beginning of year				3,238,317
Net assets end of year				\$ 6,625,327

See notes to financial statements.

Adams County
Balance Sheet
Governmental Funds

June 30, 2010

	General	Special	
		Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 1,173,180	270,331	138,491
Receivables:			
Property tax:			
Delinquent	1,514	79	50
Succeeding year	1,542,000	177,000	699,000
Accounts	86,666	2,915	-
Accrued interest	4,311	-	-
Due from other governments	36	-	-
Inventories	-	-	-
Total assets	\$ 2,807,707	450,325	837,541
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 107,498	27,668	581
Salaries and benefits payable	-	84	-
Due to other governments	6,478	92,445	-
Deferred revenue:			
Succeeding year property tax	1,542,000	177,000	699,000
Other	1,514	79	50
Total liabilities	1,657,490	297,276	699,631
Fund balances:			
Reserved for:			
Supplemental levy purposes	452,847	-	-
Debt service	-	-	-
Water agreement	-	-	-
Unreserved, reported in:			
General fund	697,370	-	-
Special revenue funds	-	153,049	137,910
Total fund balances	1,150,217	153,049	137,910
Total liabilities and fund balances	\$ 2,807,707	450,325	837,541

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
537,905	111,306	903,657	3,134,870
-	-	22	1,665
-	-	495,000	2,913,000
4,572	-	1,022	95,175
-	-	394	4,705
133,455	38,284	12,500	184,275
70,547	-	-	70,547
746,479	149,590	1,412,595	6,404,237
34,280	225	685	170,937
15,090	-	-	15,174
-	-	-	98,923
-	-	495,000	2,913,000
30,700	-	22	32,365
80,070	225	495,707	3,230,399
-	-	-	452,847
-	-	481,400	481,400
-	-	62,500	62,500
-	-	-	697,370
666,409	149,365	372,988	1,479,721
666,409	149,365	916,888	3,173,838
746,479	149,590	1,412,595	6,404,237

Adams County

Adams County

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

June 30, 2010

Total governmental fund balances (page 19) \$ 3,173,838

***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 \$12,194,866 and the accumulated depreciation is \$3,612,140. 8,582,726

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 32,365

Long-term liabilities, including capital loan notes, urban renewal tax increment revenue bonds, local option sales tax revenue bonds, compensated absences and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,163,602)

Net assets of governmental activities (page 16) \$ 6,625,327

See notes to financial statements.

Adams County

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

Year ended June 30, 2010

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 1,564,162	179,731	713,863
Interest and penalty on property tax	18,014		
Intergovernmental	490,744	348,254	42,653
Licenses and permits	1,020	-	7,300
Charges for service	295,921	-	5,550
Use of money and property	123,955	-	-
Miscellaneous	106,026	2,915	-
Total revenues	<u>2,599,842</u>	<u>530,900</u>	<u>769,366</u>
Expenditures:			
Operating:			
Public safety and legal services	874,203	-	15,000
Physical health and social services	223,514	-	23,649
Mental health	-	504,319	-
County environment and education	412,047	-	51,975
Roads and transportation	-	-	-
Governmental services to residents	191,225	-	885
Administration	699,223	-	-
Non-program	14,870	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>2,415,082</u>	<u>504,319</u>	<u>91,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>184,760</u>	<u>26,581</u>	<u>677,857</u>
Other financing sources (uses):			
Operating transfers in	60,000	-	62,500
Operating transfers out	(82,500)	-	(725,106)
Total other financing sources (uses)	<u>(22,500)</u>	<u>-</u>	<u>(662,606)</u>
Net change in fund balances	162,260	26,581	15,251
Fund balances beginning of year	<u>987,957</u>	<u>126,468</u>	<u>122,659</u>
Fund balances end of year	<u>\$ 1,150,217</u>	<u>153,049</u>	<u>137,910</u>

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
-	234,602	519,384	3,211,742
	-	-	18,014
2,225,238	25,220	115,313	3,247,422
615	-	-	8,935
-	-	12,285	313,756
1,720	-	3,287	128,962
32,160	-	2,000	143,101
<u>2,259,733</u>	<u>259,822</u>	<u>652,269</u>	<u>7,071,932</u>
-	-	60,462	949,665
-	-	-	247,163
-	-	-	504,319
-	41,225	51,552	556,799
2,702,888	-	-	2,702,888
-	-	1,823	193,933
-	-	-	699,223
-	-	-	14,870
-	74,754	446,562	521,316
18,615	400	-	19,015
<u>2,721,503</u>	<u>116,379</u>	<u>560,399</u>	<u>6,409,191</u>
(461,770)	143,443	91,870	662,741
617,606		335,958	1,076,064
-	(205,958)	(62,500)	(1,076,064)
<u>617,606</u>	<u>(205,958)</u>	<u>273,458</u>	<u>-</u>
155,836	(62,515)	365,328	662,741
510,573	211,880	551,560	2,511,097
<u>666,409</u>	<u>149,365</u>	<u>916,888</u>	<u>3,173,838</u>

Adams 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) \$ 662,741

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

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

Expenditures for capital assets	\$ 329,604	
Capital assets contributed by the Iowa Department of Transportation	2,738,060	
Depreciation expense	(549,914)	2,517,750

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 13,655

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	959	
Other	30,700	31,659

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. 234,547

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	(47,186)	
Other postemployment benefits	(26,156)	(73,342)

Change in net assets of governmental activities (page 17) \$ 3,387,010

See notes to financial statements.

Adams County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2010

Assets

Cash and pooled investments:	
County Treasurer	\$ 399,097
Other County officials	4,452
Receivables:	
Property tax:	
Delinquent	3,011
Succeeding year	4,516,000
Accrued interest	359
Due from other governments	186,320
Total assets	5,109,239

Liabilities

Accounts payable	6,666
Warrants in excess of available balance	131,020
Due to other governments	4,918,665
Trusts payable	77
Compensated absences	52,811
Total liabilities	5,109,239

Net assets	\$ -
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See notes to financial statements.

Adams County

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

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

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

The County also participates in the following jointly governed organizations: Creston Cluster Decat Program, Adams and Taylor Counties Regional Service Agency, Mental Health Services Coordinator Board and South Iowa Area Detention Service Agency.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds 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 funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used for any lawful purpose determined by the Adams County Board of Supervisors.

Additionally, the County reports the following funds:

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 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 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 and Pooled Investments – 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 non-negotiable certificates of deposit which are stated at cost.

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.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, 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 and buildings	\$ 50,000
Land	10,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and infrastructure	20 - 100
Intangibles	5 - 20
Equipment and vehicles	3 - 30

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 unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is paid at 50%, not to exceed 360 hours, upon retirement or death. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

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

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Rural Services	\$ 45,000
	Local Option Sales Tax	15,000
Special Revenue:		
Special Law Enforcement	General	15,000
Conservation Land Acquisition		5,000
SIRWA Grid System		62,500
	Special Revenue:	
Secondary Roads	Rural Services	617,606
SIRWA Grid System		62,500
Rural Services	SIRWA Grid System	62,500
Aquatic Center Reserve	Local Option Sales Tax	96,450
Aquatic Center Sinking		94,508
Total		\$ 1,076,064

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

(4) Capital Assets

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

	Balance			Balance
	Beginning			End
	of Year (as	Increases	Decreases	of Year
	restated)			
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 50,166	-	-	50,166
Intangibles, road network	215,100	-	-	215,100
Total capital assets not being depreciated/amortized	265,266	-	-	265,266
Capital assets being depreciated:				
Buildings	2,909,328	-	-	2,909,328
Equipment and vehicles	3,200,067	409,949	(261,184)	3,348,832
Infrastructure, road network	2,933,380	2,738,060	-	5,671,440
Total capital assets being depreciated	9,042,775	3,148,009	(261,184)	11,929,600
Less accumulated depreciation for:				
Buildings	1,180,366	72,745	-	1,253,111
Equipment and vehicles	1,678,837	236,747	(194,494)	1,721,090
Infrastructure, road network	397,517	240,422	-	637,939
Total accumulated depreciation	3,256,720	549,914	(194,494)	3,612,140
Total capital assets being depreciated, net	5,786,055	2,598,095	(66,690)	8,317,460
Governmental activities capital assets, net	\$ 6,051,321	2,598,095	(66,690)	8,582,726

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 77,216
Physical health and social services	5,972
County environment and education	76,587
Roads and transportation	357,129
Administration	33,010
Total depreciation expense - governmental activities	\$ 549,914

Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, was implemented during fiscal year 2010. Right of way totaling \$215,100 which was previously reported as land, road network was reclassified as intangibles, road network. Restatement of the beginning net assets and capital assets for governmental activities was not necessary because the right of way has an indefinite useful life and, therefore, is not subject to amortization.

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 6,478
Special Revenue:		
Mental Health	Services	92,445
Total for governmental funds		<u>\$ 98,923</u>
Agency:		
Agricultural Extension Education	Collections	\$ 69,646
County Assessor		354,864
Schools		3,469,880
Community Colleges		163,707
Corporations		623,317
Townships		102,489
Auto License and Use Tax		87,432
All other		47,330
Total for agency funds		<u>\$ 4,918,665</u>

(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 Capital Loan Notes	Urban Renewal Tax Increment Revenue Bonds	Local Option Sales Tax Revenue Bonds	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 110,000	4,060,000	975,000	179,807	-	5,324,807
Increases	-	-	-	107,655	26,156	133,811
Decreases	55,000	124,547	55,000	60,469	-	295,016
Balance end of year	<u>\$ 55,000</u>	<u>3,935,453</u>	<u>920,000</u>	<u>226,993</u>	<u>26,156</u>	<u>5,163,602</u>
Due within one year	\$ 55,000	132,132	55,000	188,205	-	430,337

General Obligation Capital Loan Notes

The County issued general obligation capital loan notes to remodel the courthouse building, including the jail. Details of the County's June 30, 2010 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Series 1998B			
	Interest Rates	Principal	Interest	Total
2011	5.00%	\$ 55,000	2,750	57,750

Urban Renewal Tax Increment Revenue Bonds Series 2006 and 2007 (Pinnacle Ethanol Project)

The County sold \$2,400,000 and \$1,660,000 of urban renewal tax increment (TIF) revenue bonds dated January 26, 2007 and February 13, 2007, respectively. The bonds bear interest at 6.0% per annum with final maturity on December 1, 2027. On June 1, 2021 and on June 1, 2026, the interest rate on the bonds shall be adjusted to a rate 130 basis points higher than the five year U.S. Treasury rate as published in the Wall Street Journal. Principal and interest on the bonds shall be payable in semi annual payments of \$108,268 and \$74,885 on June 1 and December 1, beginning December 1, 2009 and continuing through and including June 1, 2027, with a final payment of all remaining principal and interest on December 1, 2027.

The County reserves the right to call and prepay any principal amount of these bonds at any time upon the County giving notice by registered or certified mail to the purchaser or other registered holder not less than thirty days prior to the date set for prepayment.

The County has covenanted it will call and prepay any principal amounts of these bonds on June 1 of each year in an amount equal to the balance of funds remaining in the Special Revenue, Urban Renewal Fund after the then current June 1 payments of principal and interest have been made.

Formal repayment schedules have been established for the urban renewal tax increment revenue bonds. However, these are subject to change dependent on the County's right to prepay these bonds at any time and the adjustable interest rate.

Details of the County's June 30, 2010 urban renewal tax increment revenue bond indebtedness are as follows:

Year Ending June 30,	Series 2006			Series 2007			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	6.00%	\$ 78,108	138,428	6.00%	\$ 54,024	95,746	132,132	234,174	366,306
2012	6.00	82,864	133,672	6.00	57,314	92,456	140,178	226,128	366,306
2013	6.00	87,911	128,625	6.00	60,805	88,966	148,716	217,591	366,307
2014	6.00	93,264	123,271	6.00	64,508	85,263	157,772	208,534	366,306
2015	6.00	98,944	117,592	6.00	68,437	81,334	167,381	198,926	366,307
2016-2020	6.00	592,790	489,889	6.00	410,013	338,840	1,002,803	828,729	1,831,532
2021-2025	6.00	796,660	286,019	6.00	551,023	197,830	1,347,683	483,849	1,831,532
2026-2028	6.00	495,835	45,504	6.00	342,953	31,474	838,788	76,978	915,766
Total		\$ 2,326,376	1,463,000		\$ 1,609,077	1,011,909	3,935,453	2,474,909	6,410,362

The urban renewal tax increment revenue bonds were issued for the purpose of paying costs of an urban renewal project to improve certain county roads, provide an economic development grant to Pinnacle Ethanol, LLC and Corning Municipal Utilities and pay capitalized interest and costs of issuance of these bonds. The bonds are payable solely from the income and proceeds of the urban renewal project in accordance with Chapter 403.19 of Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds of the bonds shall be expended only for purposes consistent with the plans of the County's urban renewal area. The total principal and interest remaining on the bonds is \$6,410,362, payable through fiscal year 2028. For the current year, principal and interest paid and tax increment receipts were \$366,306 and \$461,773, respectively. The bonds are not a general obligation of the County, but the debt is subject to the constitutional debt limitation of the County. The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will only be redeemed from the urban renewal tax increment revenue received by the County. The County accounts for this activity within the Special Revenue, Urban Renewal Fund.
- (b) The first \$1,500,000 of bond proceeds shall be used to fully fund the water grant for the City of Corning. The next \$520,000 of bond proceeds shall be used by the County to pay the costs of highway improvements. Next, sufficient bond proceeds shall be set aside to pay costs of issuance of the bonds and to make provision for the payment of interest on the bonds through December 1, 2009. Finally, any remaining bond proceeds shall be used to fund an initial installment on the Pinnacle Grant.

During the year ended June 30, 2010, the County was in compliance with the revenue bond provisions.

Local Option Sales Tax Revenue Bonds, Series 2008

The County issued local option sales tax revenue bonds for a joint project with the City of Corning under a 28E agreement. The County has pledged future local option sales and tax receipts to repay \$1,025,000 of local option sales tax revenue bonds, Series 2008 issued in July 2008. Proceeds from the bonds provided financing for an Aquatic Center in Corning, Iowa, to be operated by the City of Corning under a 28E Joint Operation Agreement. The bonds are payable solely from the proceeds of the local option sales tax received by the County and \$25,220 per year to be received from the City of Corning in accordance with the 28E Joint Operation Agreement and Chapters 423B.9(3) and 384.83 of the Code of Iowa and are payable through 2023. Total principal and interest remaining to be paid on the bonds is \$1,218,964. For the current year, principal and interest paid and total collections were \$94,508 and \$234,602 respectively.

Under the 28E agreement, the City of Corning agreed to remit to the County on or before May 1, 2009 and on or before May 1 of each year until and including May 1, 2023 the sum of \$25,220. The City of Corning acknowledges if the revenues received by the City for its local sales tax are not sufficient to pay the obligated portion under this agreement in one or more of years outlined above, the City agrees interest on the unpaid amount shall accrue at the rate of 4.26% per annum until paid, and all such shortfalls shall become due on the final maturity date of the County's local option sales tax revenue bonds.

Details of County's June 30, 2010 local option sales tax revenue bond indebtedness is as follows:

Year Ending June 30,	Series 2008			
	Interest Rates	Principal	Interest	Total
2011	3.25%	\$ 55,000	37,830	92,830
2012	3.45	60,000	36,043	96,043
2013	3.55	60,000	33,973	93,973
2014	3.7	60,000	31,843	91,843
2015	3.95	65,000	29,622	94,622
2016-2020	4.10-4.40	365,000	106,158	471,158
2021-2023	4.45-4.55	255,000	23,495	278,495
Total		\$ 920,000	298,964	1,218,964

The resolution providing for the issuance of the local option sales tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future local option sales tax revenue received by the County and the bond holders hold a lien on the future revenues received.
- (b) A local option sales tax revenue bond sinking account shall be established and sufficient monthly deposits shall be made to the sinking account for the purpose of making bond principal and interest payments when due.
- (c) A local option sales tax revenue bond reserve account shall be established and monthly deposits in the reserve equal to 25% of the amount required to be deposited into the sinking account shall be made to a reserve account until \$96,450 has been accumulated. This account is restricted for the purpose of correcting any deficiencies in the sinking account.

During the year ended June 30, 2010, the County was in compliance with the revenue bond provisions.

(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 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$142,726, \$128,614 and \$114,675, respectively, equal to the required contributions for each year.

(8) 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 53 active and 1 retired members in the plan. Retired participants must be age 55 or age 50 with 22 years of service at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, 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	\$ 43,051
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>43,051</u>
Contributions made	<u>(16,895)</u>
Increase in net OPEB obligation	26,156
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 26,156</u>

For the year ended June 30, 2010, the County contributed \$16,895 to the medical plan and there were no contributions from plan members eligible for benefits.

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	\$ 43,051	39.2%	\$ 26,156

Funded Status and Funding Progress. As of June 30, 2010, the actuarial accrued liability was \$245,422, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$245,422. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,920,000 and the ratio of the UAAL to covered payroll was 12.78%. As of June 30, 2010, there were no trust fund assets.

The projection of future benefit payments for ongoing plan involves 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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.

Methods and Assumptions. 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 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 valuation date, a simplified version of the unit credit actuarial cost method was used. The assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, projected to 2010 using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$896 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.

(9) Risk Management

The County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 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, 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 \$112,988.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$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 employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Industrial Development Revenue Bonds

The County has issued a total of \$1,895,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$1,165,000 is outstanding at June 30, 2010. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

(11) Southern Iowa Rural Water Association (SIRWA) Agreement

On May 23, 2005, the County entered into a 28E agreement with SIRWA and nine other counties to provide joint financing of certain water development facilities at Gooseberry Lake to enable SIRWA to withdraw water sufficient to supply treated water to portions of SIRWA's rural water distribution system. Pursuant to the agreement, SIRWA planned to obtain a loan for \$500,000 to cover the initial costs. Liability for repayment of the loan was to be borne by the respective parties (counties) to the agreement. The County's share of the debt is 12.5%, or \$62,500. Each participant is required to establish a SIRWA Grid Sinking and Reserve Fund, into which there shall be appropriated from the participant's General Fund sufficient funds to pay the principal and interest on the loan. The County established the Special Revenue, SIRWA Grid System Fund and transferred \$62,500 from the General Fund to this fund in compliance with the 28E agreement. During the year ended June 30, 2010, the County was informed the project would not proceed and the 28E agreement with SIRWA would be dissolved. The County is waiting for the final dissolution of the 28E agreement and formal termination of the project before redirecting the funds previously set-aside.

(12) Jointly Governed Organization

Adams County participates in the Mental Health Services Coordinator Board, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's fiduciary statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2010:

Additions:		
Federal grants and entitlements:		
Medicaid case management		\$ 345,236
Contributions from governmental units		190,384
Miscellaneous		64
Total additions		<u>535,684</u>
Deductions:		
Direct administration:		
Salaries	\$ 99,419	
Benefits	32,795	
Case management:		
Salaries	267,583	
Benefits	83,080	
Rent	2,479	
Office supplies	6,946	
Telephone	9,774	
Travel and training	24,420	
Administrative	31,146	
Equipment	12,239	
		<u>569,881</u>
Net		(34,197)
Balance beginning of year		<u>87,378</u>
Balance end of year		<u><u>\$ 53,181</u></u>

Required Supplementary Information

Adams 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	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 3,215,755	3,103,173	3,146,173	69,582
Interest and penalty on property tax	18,025	12,600	12,600	5,425
Intergovernmental	3,055,203	3,095,544	3,261,750	(206,547)
Licenses and permits	9,648	9,400	10,178	(530)
Charges for service	313,075	279,825	292,825	20,250
Use of money and property	133,777	140,494	144,094	(10,317)
Miscellaneous	69,056	18,930	35,210	33,846
Total receipts	6,814,539	6,659,966	6,902,830	(88,291)
Disbursements:				
Public safety and legal services	882,946	991,621	1,022,121	139,175
Physical health and social services	240,878	444,074	444,074	203,196
Mental health	481,923	496,562	571,562	89,639
County environment and education	557,287	573,328	612,028	54,741
Roads and transportation	2,660,970	2,767,500	2,767,500	106,530
Governmental services to residents	191,085	219,246	219,246	28,161
Administration	699,437	659,932	762,436	62,999
Non-program	31,923	42,972	42,972	11,049
Debt service	521,315	521,315	521,315	-
Capital projects	38,769	26,500	26,500	(12,269)
Total disbursements	6,306,533	6,743,050	6,989,754	683,221
Excess (deficiency) of receipts over (under) disbursements	508,006	(83,084)	(86,924)	594,930
Other financing sources, net	6,573	-	(636,606)	643,179
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	514,579	(83,084)	(723,530)	1,238,109
Balance beginning of year	2,620,291	1,827,152	1,827,152	793,139
Balance end of year	\$ 3,134,870	1,744,068	1,103,622	2,031,248

See accompanying independent auditor's report.

Adams 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	\$ 6,814,539	257,393	7,071,932
Expenditures	6,306,533	102,658	6,409,191
Net	508,006	154,735	662,741
Other financing sources, net	6,573	(6,573)	-
Beginning fund balances	2,620,291	(109,194)	2,511,097
Ending fund balances	\$ 3,134,870	38,968	3,173,838

See accompanying independent auditor's report.

Adams 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 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 \$246,704. 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 and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2010, disbursements exceeded the amount budgeted in the capital projects function. Also, the budget was not appropriated, by resolution, for the amounts deemed necessary for each of the different county offices and departments for the fiscal year.

Adams 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	July 1, 2009	-	\$ 245	245	0.00%	\$ 1,920	12.78%

See note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs, net OPEB obligation, funded status and funding progress.

Adams County

Other Supplementary Information

Adams County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2010

	Special Revenue				
	County Recorder's Records Management	Resource Enhancement and Protection	Special Law Enforcement	Law Enforcement Forfeiture	County Attorney Forfeiture
Assets					
Cash and pooled investments	\$ 7,314	15,757	228,959	8,972	1,418
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	-	-	-
Interest	9	19	-	-	-
Accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 7,323	15,776	228,959	8,972	1,418
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	685	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	-	685	-	-	-
Fund equity:					
Fund balances:					
Reserved for:					
Debt service	-	-	-	-	-
Water agreement	-	-	-	-	-
Unreserved	7,323	15,091	228,959	8,972	1,418
Total fund equity	7,323	15,091	228,959	8,972	1,418
Total liabilities and fund equity	\$ 7,323	15,776	228,959	8,972	1,418

See accompanying independent auditor's report.

Conservation Land Acquisition	Decateg- orization	Drivers License Revenue	Urban Renewal	Aquatic Center Reserve	Aquatic Center Sinking	SIRWA Grid System	Debt Service	Total
5,307	21,790	70,606	308,880	96,450	74,754	62,500	950	903,657
-	-	-	-	-	-	-	22	22
-	-	-	441,000	-	-	-	54,000	495,000
-	-	1,022	-	-	-	-	-	1,022
-	-	-	366	-	-	-	-	394
-	-	-	-	-	-	-	-	-
12,500	-	-	-	-	-	-	-	12,500
17,807	21,790	71,628	750,246	96,450	74,754	62,500	54,972	1,412,595
-	-	-	-	-	-	-	-	685
-	-	-	441,000	-	-	-	54,000	495,000
-	-	-	-	-	-	-	22	22
-	-	-	441,000	-	-	-	54,022	495,707
-	-	-	309,246	96,450	74,754	-	950	481,400
-	-	-	-	-	-	62,500	-	62,500
17,807	21,790	71,628	-	-	-	-	-	372,988
17,807	21,790	71,628	309,246	96,450	74,754	62,500	950	916,888
17,807	21,790	71,628	750,246	96,450	74,754	62,500	54,972	1,412,595

Adams County

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

Year ended June 30, 2010

	Special Revenue				
	County Recorder's Records Management	Resource Enhancement and Protection	Special Law Enforcement	Law Enforcement Forfeiture	County Attorney Forfeiture
Revenues:					
Property and other county tax	\$ -	-	-	-	-
Intergovernmental	-	12,525	82,483	-	-
Charges for service	1,034	-	100	-	-
Use of money and property	94	301	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,128</u>	<u>12,826</u>	<u>82,583</u>	<u>-</u>	<u>-</u>
Expenditures:					
Operating:					
Public safety and legal services	-	-	55,848	4,614	-
Physical health and social services	-	-	-	-	-
County environment and education	-	26,708	-	-	-
Governmental services to residents	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	<u>-</u>	<u>26,708</u>	<u>55,848</u>	<u>4,614</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,128</u>	<u>(13,882)</u>	<u>26,735</u>	<u>(4,614)</u>	<u>-</u>
Other financing sources (uses):					
Operating transfers in	-	-	15,000	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>1,128</u>	<u>(13,882)</u>	<u>41,735</u>	<u>(4,614)</u>	<u>-</u>
Fund balances beginning of year	<u>6,195</u>	<u>28,973</u>	<u>187,224</u>	<u>13,586</u>	<u>1,418</u>
Fund balances end of year	<u>\$ 7,323</u>	<u>15,091</u>	<u>228,959</u>	<u>8,972</u>	<u>1,418</u>

See accompanying independent auditor's report.

Conservation Land Acquisition	Decateg- orization	Drivers License Revenue	Urban Renewal	Aquatic Center Reserve	Aquatic Center Sinking	SIRWA Grid System	Debt Service	Total
-	-	-	461,773	-	-	-	57,611	519,384
17,500	-	-	-	-	-	-	2,805	115,313
-	-	11,151	-	-	-	-	-	12,285
-	-	-	2,892	-	-	-	-	3,287
2,000	-	-	-	-	-	-	-	2,000
19,500	-	11,151	464,665	-	-	-	60,416	652,269
-	-	-	-	-	-	-	-	60,462
-	-	-	-	-	-	-	-	-
24,844	-	-	-	-	-	-	-	51,552
-	-	1,823	-	-	-	-	-	1,823
-	-	-	366,306	-	19,754	-	60,502	446,562
24,844	-	1,823	366,306	-	19,754	-	60,502	560,399
(5,344)	-	9,328	98,359	-	(19,754)	-	(86)	91,870
5,000	-	-	-	96,450	94,508	125,000	-	335,958
-	-	-	-	-	-	(62,500)	-	(62,500)
5,000	-	-	-	96,450	94,508	62,500	-	273,458
(344)	-	9,328	98,359	96,450	74,754	62,500	(86)	365,328
18,151	21,790	62,300	210,887	-	-	-	1,036	551,560
17,807	21,790	71,628	309,246	96,450	74,754	62,500	950	916,888

Adams County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,616	198,062	52,272
Other County officials	4,452	-	-	-
Receivables:				
Property tax:				
Delinquent	-	30	73	1,608
Succeeding year	-	68,000	163,000	3,416,000
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 4,452	69,646	361,135	3,469,880
Liabilities				
Accounts payable	\$ -	-	2,232	-
Warrants in excess of available balance	-	-	-	-
Due to other governments	4,375	69,646	354,864	3,469,880
Trusts payable	77	-	-	-
Compensated absences	-	-	4,039	-
Total liabilities	\$ 4,452	69,646	361,135	3,469,880

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
2,635	16,089	1,489	87,432	39,502	399,097
-	-	-	-	-	4,452
72	1,228	-	-	-	3,011
161,000	606,000	101,000	-	1,000	4,516,000
-	-	-	-	359	359
-	-	-	-	186,320	186,320
163,707	623,317	102,489	87,432	227,181	5,109,239
-	-	-	-	4,434	6,666
-	-	-	-	131,020	131,020
163,707	623,317	102,489	87,432	42,955	4,918,665
-	-	-	-	-	77
-	-	-	-	48,772	52,811
163,707	623,317	102,489	87,432	227,181	5,109,239

Adams 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
Assets and Liabilities				
Balances beginning of year	\$ 7,736	73,800	346,689	3,435,480
Additions:				
Property and other county tax	-	63,586	152,655	3,231,969
State tax credits	-	3,549	8,647	167,625
Office fees and collections	180,141	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	-	10,572	-
Total additions	180,141	67,135	171,874	3,399,594
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	183,425	71,289	157,428	3,365,194
Total deductions	183,425	71,289	157,428	3,365,194
Balances end of year	\$ 4,452	69,646	361,135	3,469,880

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
173,074	560,444	112,056	81,858	128,926	4,920,063
150,408	576,841	94,851	-	676	4,270,986
8,372	42,687	4,970	-	36	235,886
-	-	-	-	-	180,141
-	-	-	1,231,541	-	1,231,541
-	-	-	-	1,583	1,583
-	-	-	-	47,543	47,543
-	-	-	-	712,917	723,489
158,780	619,528	99,821	1,231,541	762,755	6,691,169
-	-	-	48,219	-	48,219
168,147	556,655	109,388	1,177,748	795,520	6,584,794
168,147	556,655	109,388	1,225,967	795,520	6,633,013
163,707	623,317	102,489	87,432	96,161	4,978,219

Adams 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	\$ 2,977,140	2,752,031	2,090,860	2,062,165
Local option sales tax	234,602	219,315	191,044	-
Interest and penalty on property tax	18,014	16,566	15,775	14,384
Intergovernmental	3,247,422	3,073,040	3,091,894	3,191,112
Licenses and permits	8,935	7,276	7,180	10,908
Charges for service	313,756	278,870	253,996	219,145
Use of money and property	128,962	140,169	153,311	135,439
Miscellaneous	143,101	32,199	81,452	50,305
Total	\$ 7,071,932	6,519,466	5,885,512	5,683,458
Expenditures:				
Operating:				
Public safety and legal services	\$ 949,665	863,689	681,100	623,560
Physical health and social services	247,163	242,874	375,854	496,977
Mental health	504,319	493,423	443,164	460,376
County environment and education	556,799	606,455	662,943	3,495,776
Roads and transportation	2,702,888	2,577,439	2,697,078	2,297,659
Governmental services to residents	193,933	187,630	173,382	183,702
Administration	699,223	566,751	570,795	552,669
Non-program	14,870	21,918	20,809	16,748
Debt service	521,316	393,155	318,410	152,250
Capital projects	19,015	1,001,776	282,631	858,591
Total	\$ 6,409,191	6,955,110	6,226,166	9,138,308

See accompanying independent auditor's report.

Modified Accrual Basis					
2006	2005	2004	2003	2002	2001
2,053,657	1,909,954	1,771,320	1,723,545	1,648,933	1,665,429
-	-	-	-	-	-
17,280	15,705	14,441	16,318	17,189	14,697
2,612,916	2,968,262	2,547,623	2,965,672	2,642,340	3,014,696
8,660	5,335	6,635	9,305	7,915	6,470
191,979	209,643	239,886	230,433	179,202	147,070
115,635	103,938	106,158	106,715	102,256	132,133
48,398	64,989	33,959	57,754	74,713	44,044
5,048,525	5,277,826	4,720,022	5,109,742	4,672,548	5,024,539
592,057	588,571	591,164	582,684	522,867	454,643
394,624	351,646	342,341	318,587	289,953	298,875
398,081	425,135	474,493	405,010	456,706	434,150
494,101	737,203	413,894	339,075	314,480	939,736
2,411,389	2,113,689	1,929,903	1,994,793	1,738,982	2,298,731
313,379	185,295	144,655	140,097	142,997	125,280
554,420	498,956	466,006	475,246	426,336	434,680
19,117	122,952	15,720	19,287	29,849	17,874
74,902	72,182	74,436	76,667	73,631	75,552
-	172,261	106,889	482,279	340,841	51,903
5,252,070	5,267,890	4,559,501	4,833,725	4,336,642	5,131,424

Adams County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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 Adams County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Adams County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated May 10, 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 Adams 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 Adams County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Adams 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, 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 a 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 the accompanying Schedule of Findings as items (A) and (B) 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 the accompanying Schedule of Findings as items (C) and (D) to be significant deficiencies.

Compliance and Other Matters


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

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.

Adams County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Adams 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 Adams County and other parties to whom Adams County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Adams 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

May 10, 2011

Adams County

Schedule of Findings

Year ended June 30, 2010

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

	<u>Applicable Offices</u>
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Recorder and County Sheriff
(2) Disbursements – check writing, check signing, posting, reconciling and final approval.	County Recorder
(3) Receipts – billing, collecting, depositing and reconciling.	Case Management

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

Responses – Each official will review office procedures and attempt to maximize the best internal control and whenever possible use other office personnel to add additional control measures.

Conclusion – Response accepted.

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

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

Response- We will work to become compliant

Conclusion – Response accepted.

Adams County

Schedule of Findings

Year ended June 30, 2010

- (C) Credit Cards – The County has credit cards for use by various employees while on County business. Supporting documentation was not always available to support credit card charges.

Recommendation – The County should ensure supporting documentation is required to substantiate charges filed with all claims.

Response – We will work to be compliant.

Conclusion – Response accepted.

- (D) Information Systems – The following weaknesses in the County’s computer based systems were noted:

The County does not have written policies for:

- 8 character minimum for passwords
- Requiring password changes because software does not require the user to change log-ins/passwords every 60-90 days.

Recommendation – The County should develop written policies addressing the above items to improve the County’s control over computer based systems.

Response – We will review current policy and revise to become compliant.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

Adams County

Schedule of Findings

Year ended June 30, 2010

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amount budgeted in the capital projects function at June 30, 2010.

Also, the budget was not appropriated, by resolution, for the amounts deemed necessary for each of the different county offices and departments for the fiscal year as required by Chapter 331.434(6) of the Code of Iowa.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Chapter 331.434(6) of the Code of Iowa requires the Board of Supervisors to appropriate, by resolution, amounts deemed necessary for each of the different county offices and departments for the fiscal year.

Response – We will work to be compliant.

Conclusion – Response accepted.

- (2) 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.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mark Olive, Board of Supervisors, Owner of The Print Shop	Conservation supplies	\$ 1,420
Jeffrey Millhollin, County Attorney, Owner of Millhollin Law Office	Secretarial services	9,624

The transactions with Millhollin Law Office may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

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

Recommendation – The transactions with Millhollin Law Office may represent conflicts of interest. The County should consult outside legal counsel to determine the disposition of this matter.

Adams County

Schedule of Findings

Year ended June 30, 2010

Response – We will consult with outside legal counsel.

Conclusion – Response accepted.

- (5) 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.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Pooled 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.
- (8) 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).
- (9) 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.

- (10) County Assessor – Certain minutes of meetings of the County Assessor's Conference Board were not signed.

Recommendation – The minutes should be signed to authenticate the record as required.

Response – We will work to correct this issue in the future.

Conclusion – Response accepted.

- (11) Deficit Cash Balance – The Agency, CPC/Case Management Administration Fund had a deficit cash balance during the year ended June 30, 2010 and at June 30, 2010. This appears to violate Chapter 331.476 of the Code of Iowa.

Recommendation – Claims should not be approved for payment when funds are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other County funds or other formal short-term debt instruments or obligations.

Response – We will work to become compliant.

Conclusion – Response accepted.

Adams County

Schedule of Findings

Year ended June 30, 2010

- (12) County Emergency Management Commission Budget – The notice of the proposed budget hearing for the County Emergency Management Commission was not published not less than 10 days or more than 20 days prior to the hearing as required by Chapter 24.9 of the Code of Iowa.

Disbursements during the year ended June 30, 2010 for the County Emergency Management Fund exceeded the amount budgeted.

Recommendation - The notice of the proposed budget hearing should be published not less than 10 days or more than 20 days prior to the hearing date.

The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will monitor the fund and work to become compliant.

Conclusion – Response accepted.

- (13) Revenue Bonds – No instances of non-compliance with the urban renewal tax increment and local option sales tax revenue bond provisions were noted.

Adams County

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Melissa M. Wellhausen, CPA, Senior Auditor
Melissa J. Knoll-Speer, Senior Auditor
Daniel W. Henaman, Staff Auditor
Justin M. Scherrman, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State