



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 27, 2012

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$28,193,208 for the year ended June 30, 2011, which included \$1,335,211 in tax credits from the state. The County forwarded \$21,292,708 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,900,500 of the local tax revenue to finance County operations, a 5.7% increase over the prior year. Other revenues included charges for service of \$2,394,676, operating grants and contributions of \$5,882,736, capital grants and contributions of \$1,306,923, local option sales tax of \$1,043,680, unrestricted investment earnings of \$152,211 and other general revenues of \$341,812.

Expenses for County operations totaled \$16,116,675, an 8.3% increase over the prior year. Expenses included \$5,868,076 for roads and transportation, \$2,955,264 for public safety and legal services and \$2,255,119 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1110-0014-B00F.pdf>.

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**CARROLL COUNTY**

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

**JUNE 30, 2011**

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**Carroll County**

**Carroll County**

**Officials**

**(Before January 2011)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sheryl Wegner	Board of Supervisors	Nov 2010
Marty Danzer	Board of Supervisors	Jan 2011
Dan Nieland	Board of Supervisors	Jan 2011
Mark Beardmore	Board of Supervisors	Jan 2013
Eugene Meiners	Board of Supervisors	Jan 2013
Joan Schettler	County Auditor	Jan 2013
Peggy Weitzl	County Treasurer	Jan 2011
Marilyn Dopheide	County Recorder	Jan 2011
Douglas R. Bass	County Sheriff	Jan 2013
John Werden	County Attorney	Jan 2011
Diane S. Janning	County Assessor	Jan 2016

**(After January 2011)**

Mark Beardmore	Board of Supervisors	Jan 2013
Neil Bock	Board of Supervisors	Jan 2013
Eugene Meiners	Board of Supervisors	Jan 2013
Marty Danzer	Board of Supervisors	Jan 2015
Dan Nieland	Board of Supervisors	Jan 2015
Joan Schettler	County Auditor	Jan 2013
Peggy Weitzl	County Treasurer	Jan 2015
Marilyn Dopheide	County Recorder	Jan 2015
Douglas R. Bass	County Sheriff	Jan 2013
John Werden	County Attorney	Jan 2015
Diane S. Janning	County Assessor	Jan 2016

**Carroll County**





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Independent Auditor's Report

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit.

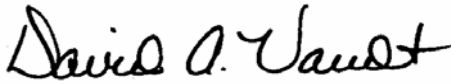
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

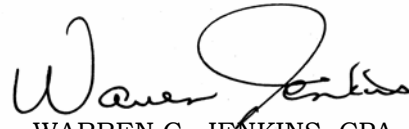
In accordance with Government Auditing Standards, we have also issued our report dated February 29, 2012 on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 9 through 16 and 52 through 56 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 Carroll County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2002 (which are not presented herein) and expressed a qualified opinion on those financial statements due to the effects of the omission of the general fixed assets account group. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 29, 2012

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

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Carroll 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, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2011 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased 5.9%, or approximately \$1,114,000, from fiscal year 2010 to fiscal year 2011. Capital grants and contributions decreased approximately \$2,442,000, operating grants and contributions increased approximately \$901,000 and property and other county tax increased approximately \$394,000.
- Governmental activities expenses increased 8.1%, or approximately \$1,203,000, in fiscal year 2011 over fiscal year 2010. Non-program expenses increased approximately \$739,000, roads and transportation expenses increased approximately \$367,000, public safety and legal services expenses increased approximately \$158,000 and county environment and education expenses decreased approximately \$161,000.
- Governmental activities net assets increased 3.9%, or approximately \$1,555,000, from June 30, 2010 to June 30, 2011.

### **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 Carroll 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 Carroll County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Carroll 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, the nonmajor proprietary and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Carroll County’s combined net assets increased from a year ago, from approximately \$40.5 million to approximately \$42.4 million. The analysis that follows focuses on the changes in the net assets.

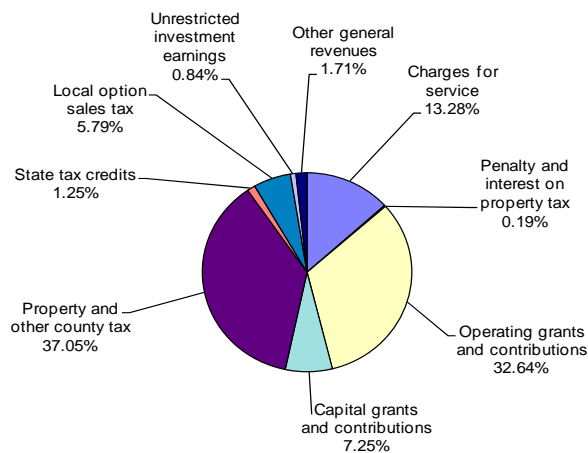
Net Assets of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 19,308	18,884	141	23	19,449	18,907
Capital assets	29,794	29,394	1,032	452	30,826	29,846
Total assets	49,102	48,278	1,173	475	50,275	48,753
Long-term liabilities	407	467	366	134	773	601
Other liabilities	6,952	7,623	119	4	7,071	7,627
Total liabilities	7,359	8,090	485	138	7,844	8,228
Net assets:						
Invested in capital assets, net of related debt	29,794	29,262	666	318	30,460	29,580
Restricted	7,577	6,718	-	-	7,577	6,718
Unrestricted	4,372	4,208	22	19	4,394	4,227
Total net assets	\$ 41,743	40,188	688	337	42,431	40,525

Net assets of Carroll County’s governmental activities increased 3.9% (from approximately \$40.2 million to approximately \$41.8 million). The largest portion of the County’s net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$4,208,000 at June 30, 2010 to approximately \$4,372,000 at the end of this year, an increase of 3.9%.

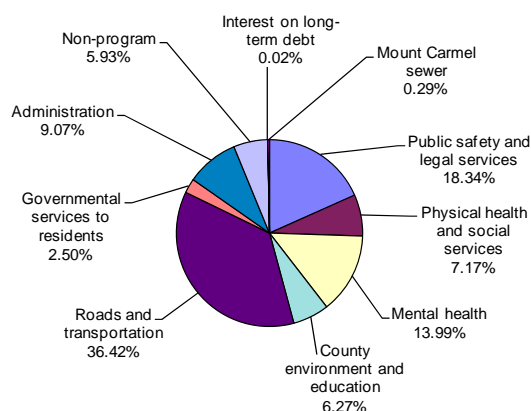
**Changes in Net Assets of Governmental and Business Type Activities**  
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for service	\$ 2,376	2,476	18	16	2,394	2,492
Operating grants and contributions	5,883	4,982	-	-	5,883	4,982
Capital grants and contributions	982	3,424	325	181	1,307	3,605
<b>General revenues:</b>						
Property and other county tax	6,675	6,281	-	-	6,675	6,281
Penalty and interest on property tax	34	38	-	-	34	38
State tax credits	225	245	-	-	225	245
Local option sales tax	1,044	917	-	-	1,044	917
Unrestricted investment earnings	152	174	-	-	152	174
Other general revenues	308	256	-	-	308	256
<b>Total revenues</b>	<b>17,679</b>	<b>18,793</b>	<b>343</b>	<b>197</b>	<b>18,022</b>	<b>18,990</b>
<b>Program expenses:</b>						
Public safety and legal services	2,955	2,797	-	-	2,955	2,797
Physical health and social services	1,156	1,152	-	-	1,156	1,152
Mental health	2,255	2,148	-	-	2,255	2,148
County environment and education	1,011	1,172	-	-	1,011	1,172
Roads and transportation	5,868	5,501	-	-	5,868	5,501
Governmental services to residents	403	453	-	-	403	453
Administration	1,462	1,420	-	-	1,462	1,420
Non-program	956	217	-	-	956	217
Interest on long-term debt	3	6	-	-	3	6
Mount Carmel sewer	-	-	47	16	47	16
<b>Total expenses</b>	<b>16,069</b>	<b>14,866</b>	<b>47</b>	<b>16</b>	<b>16,116</b>	<b>14,882</b>
Excess of revenues over expenses	1,610	3,927	296	181	1,906	4,108
Operating transfers, net	(55)	(56)	55	56	-	-
Change in net assets	1,555	3,871	351	237	1,906	4,108
Net assets beginning of year	40,188	36,317	337	100	40,525	36,417
Net assets end of year	\$ 41,743	40,188	688	337	42,431	40,525

**Revenues by Source**



**Expenditures by Program**



Carroll County's governmental activities net assets increased approximately \$1,555,000 during the year. Revenues for governmental activities decreased approximately \$1,114,000 from the prior year, with capital grants and contributions decreasing approximately \$2,442,000 from the prior year. The County offset this decrease with increases in operating grants and contributions of approximately \$901,000 and property and other county tax of approximately \$394,000. The decrease in capital grants and contributions was primarily the result of grant reimbursements due to the decrease in roadway projects in fiscal year 2011.

The cost of all governmental activities this year was approximately \$16.1 million compared to approximately \$14.9 million last year. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately \$6.8 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,376,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,865,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased from approximately \$10,882,000 in fiscal year 2010 to approximately \$9,241,000 in fiscal year 2011, principally due to a decrease in contributions for roads from the State of Iowa. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Carroll County completed the year, its governmental funds reported a combined fund balance of approximately \$11.2 million, an increase of approximately \$1.1 million over last year's total of approximately \$10.1 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures were up approximately \$740,000 and \$815,000, respectively, due in part to an increase in CDBG grant monies passed through to New Hope Village and New Opportunities, Incorporated. The ending fund balance decreased approximately \$91,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2011, expenditures totaled approximately \$2,250,000, an increase of approximately \$93,000, or 4.3%, over the prior year. The Special Revenue, Mental Health Fund balance increased approximately \$593,000 over the prior year to approximately \$2,513,000 at year end.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$130,000 over the prior year to approximately \$366,000. This increase is primarily due to an increase in local option sales tax (LOST) collections. The amount of LOST monies allocated to rural services was approximately \$522,000, an increase of approximately \$64,000 over the prior year. Rural services expenditures remained consistent when compared to the prior year.
- The Special Revenue, Secondary Roads Fund expenditures increased approximately \$154,000 over the prior year, primarily due to an increase in capitalized equipment purchases during the year. The Secondary Roads Fund balance increased approximately \$138,000, or 4.3%, to approximately \$3,369,000 at year end.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Carroll County amended its budget four times. The first amendment was made in July 2010 and resulted in an increase in budgeted disbursements of \$801,000, related primarily to the Sauk Trail project, CDBG grant pass-through, the purchase of an ambulance and conservation projects.

The second amendment was made in October 2010. This amendment was made to increase budgeted disbursements approximately \$97,000, primarily due to the Sauk Trail project, miscellaneous ambulance disbursements and liability insurance.

The third amendment was made in January 2011. This amendment was made to increase budgeted disbursements approximately \$483,000, primarily due to Secondary Roads equipment purchases, the Maple River wastewater project, capital projects and the CDBG grant pass-through.

The fourth amendment was made in May 2011. This amendment was made to increase budgeted disbursements approximately \$268,000, primarily due to road maintenance disbursements and the CDBG grant pass-through.

The County's receipts were approximately \$380,000 less than budgeted. Intergovernmental receipts were approximately \$155,000 less than budgeted due to CDBG grant funds for the Maple River Sewer Project, New Hope Village and New Opportunities, Incorporated not being received by the end of the year. Charges for service receipts were approximately \$158,000 less than budgeted due to ambulance service fees collected being less than expected. Miscellaneous receipts were approximately \$122,000 less than budgeted due to local donations for the Sauk Trail paving project being less than expected.

Total disbursements were approximately \$1,997,000 less than the amended budget. Actual disbursements for the capital projects, mental health, administration, public safety and legal services and non-program functions were approximately \$762,000, \$668,000, \$187,000, \$120,000 and \$91,000, respectively, less than budgeted. The difference in capital projects function disbursements was primarily due to the County budgeting \$610,000 for roadway construction but only disbursing approximately \$252,000 for projects in fiscal year 2011. In addition, the Maple River Sewer project was completed during fiscal year 2011, but final payments of approximately \$118,000 were not made by the end of the year. Also, the project came in approximately \$70,000 under the amount budgeted. Also, the Sauk Trail project disbursements were approximately \$173,000 less than budgeted. The decline in mental health disbursements was primarily due to cost savings measures implemented by the County CPC, including closely monitoring client needs and moving them to less costly services whenever possible. Administration function disbursements were less than the amount budgeted, primarily due to the County budgeting \$50,000 in LOST reserves for building maintenance with only approximately \$10,000 in building maintenance needed. In addition, the County budgeted \$68,500 from LOST reserves for new computer software with only approximately \$29,000 paid in fiscal year 2011. The remainder of the software disbursement is expected in fiscal year 2012. The County saved approximately \$18,000 in salaries and benefits due to custodian retirements. Property and workers compensation insurance costs for the County were approximately \$21,000 less than budgeted. The difference in public safety and legal services function disbursements was due to the County spending approximately \$4,600 less on vehicle maintenance than budgeted. In addition, due to the retirement of a Sheriff's Deputy, the County spent approximately \$6,400 less on salaries and benefits than budgeted. Also, there were fewer prisoners than anticipated, so the County spent approximately \$5,000 less than budgeted on part-time jailers, approximately \$14,000 less on jail meals and approximately \$3,000 less on medical and health services for prisoners. The County also budgeted \$5,000 for juvenile restitution payments during the year, but there were no payments made. Juvenile detention disbursements were approximately \$28,000 less than budgeted. The County had a reduction of approximately \$18,000 in disbursements from the County Attorney Collection and Forfeiture Fund due to a lack of fund reserves. Communications disbursements were approximately \$15,000 less than budgeted.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2011, Carroll County had approximately \$29.8 million invested in a broad range of capital assets for governmental activities, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$400,000, or 1.4%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2011	2010
Land	\$ 1,755	1,755
Buildings	4,333	4,442
Improvements other than buildings	70	10
Equipment and vehicles	3,675	3,453
Infrastructure	19,796	19,213
Construction in progress	165	521
Total	\$ 29,794	29,394

The County had governmental activities depreciation expense of approximately \$1,812,000 in fiscal year 2011 and total accumulated depreciation of approximately \$25,650,000 at June 30, 2011.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2011, Carroll County had no long-term debt outstanding, compared to \$131,659 at June 30, 2010.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Carroll County's constitutional debt limit is approximately \$76 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

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

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 2011 was 4.1% versus 5.0% the previous year.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are approximately \$17.2 million, a decrease of 9.5% from the final fiscal year 2011 budget. The County has added no major new programs or initiatives to the fiscal year 2012 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$2,259,000 by the close of fiscal year 2012.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Carroll 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 Carroll County Auditor's Office, 114 E. 6th, Carroll, Iowa 51401.

## **Basic Financial Statements**

**Carroll County**

Carroll County  
Statement of Net Assets  
June 30, 2011

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 10,948,495	19,847	10,968,342
Conservation Foundation	66,402	-	66,402
Receivables:			
Property tax:			
Delinquent	6,260	-	6,260
Succeeding year	6,095,000	-	6,095,000
Interest and penalty on property tax	85,676	-	85,676
Accounts (net of allowance for doubtful accounts of \$52,840)	131,645	121,817	253,462
Accrued interest	33,280	30	33,310
Drainage assessments	3,396	-	3,396
Due from other governments	849,921	-	849,921
Inventories	974,851	-	974,851
Prepaid expenses	112,500	-	112,500
Capital assets - depreciable (net of accumulated depreciation)	27,873,958	1,006,331	28,880,289
Capital assets - nondepreciable	1,920,201	25,500	1,945,701
<b>Total assets</b>	<b>49,101,585</b>	<b>1,173,525</b>	<b>50,275,110</b>
<b>Liabilities</b>			
Accounts payable	480,911	119,719	600,630
Salaries and benefits payable	16,710	-	16,710
Due to other governments	359,352	-	359,352
Deferred revenue:			
Succeeding year property tax	6,095,000	-	6,095,000
Long-term liabilities:			
Portion due or payable within one year:			
USDA loans	-	1,715	1,715
Compensated absences	180,650	-	180,650
Portion due or payable after one year:			
USDA loans	-	364,157	364,157
Compensated absences	20,072	-	20,072
Net OPEB liability	205,901	-	205,901
<b>Total liabilities</b>	<b>7,358,596</b>	<b>485,591</b>	<b>7,844,187</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	29,794,159	665,959	30,460,118
Restricted for:			
Supplemental levy purposes	285,167	-	285,167
Mental health purposes	2,499,833	-	2,499,833
Rural services purposes	356,308	-	356,308
Secondary roads purposes	3,228,821	-	3,228,821
Capital projects	98,850	-	98,850
Debt service	2,510	-	2,510
Other purposes	1,105,447	-	1,105,447
Unrestricted	4,371,894	21,975	4,393,869
<b>Total net assets</b>	<b>\$ 41,742,989</b>	<b>687,934</b>	<b>42,430,923</b>

See notes to financial statements.

Carroll County

Statement of Activities

Year ended June 30, 2011

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 2,955,264	901,212	141,904	-
Physical health and social services	1,156,318	285,916	279,611	-
Mental health	2,255,119	-	1,156,396	-
County environment and education	1,011,099	148,388	171,856	979,075
Roads and transportation	5,868,076	444,814	3,302,384	3,380
Governmental services to residents	402,791	355,309	-	-
Administration	1,462,073	101,291	6,345	-
Non-program	955,654	139,498	824,240	-
Interest on long-term debt	2,602	-	-	-
Total governmental activities	16,068,996	2,376,428	5,882,736	982,455
Business type activities:				
Sewer Funds	47,679	18,248	-	324,468
Total	\$ 16,116,675	2,394,676	5,882,736	1,306,923

**General Revenues and Transfers:**

Property and other county tax levied for:

General purposes

Debt service

Tax increment financing

Penalty and interest on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Gain on disposal of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(1,912,148)	-	(1,912,148)
(590,791)	-	(590,791)
(1,098,723)	-	(1,098,723)
288,220	-	288,220
(2,117,498)	-	(2,117,498)
(47,482)	-	(47,482)
(1,354,437)	-	(1,354,437)
8,084	-	8,084
(2,602)	-	(2,602)
(6,827,377)	-	(6,827,377)
-	295,037	295,037
(6,827,377)	295,037	(6,532,340)
6,562,473	-	6,562,473
76,825	-	76,825
35,999	-	35,999
33,408	-	33,408
225,203	-	225,203
1,043,680	-	1,043,680
152,125	86	152,211
115,028	-	115,028
193,376	-	193,376
(55,358)	55,358	-
8,382,759	55,444	8,438,203
1,555,382	350,481	1,905,863
40,187,607	337,453	40,525,060
\$ 41,742,989	687,934	42,430,923

Carroll County  
Balance Sheet  
Governmental Funds

June 30, 2011

	Special Revenue		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 3,306,963	2,806,815	331,511
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	4,227	1,884	31
Succeeding year	3,312,000	1,441,000	1,307,000
Interest and penalty on property tax	85,676	-	-
Accounts (net of allowance for doubtful accounts of \$52,840)	122,570	-	-
Accrued interest	29,786	-	-
Drainage assessments	-	-	-
Due from other funds	60,004	-	-
Due from other governments	277,842	60,270	37,868
Inventories	-	-	-
Prepaid expenditures	105,119	-	-
<b>Total assets</b>	<b>\$ 7,304,187</b>	<b>4,309,969</b>	<b>1,676,410</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 152,861	41,598	221
Salaries and benefits payable	16,405	224	81
Due to other funds	4,746	71	3,471
Due to other governments	47,198	311,932	-
Deferred revenue:			
Succeeding year property tax	3,312,000	1,441,000	1,307,000
Other	197,606	2,086	31
Total liabilities	<b>3,730,816</b>	<b>1,796,911</b>	<b>1,310,804</b>
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	105,119	-	-
Restricted for:			
Supplemental levy purposes	299,525	-	-
Mental health purposes	-	2,513,058	-
Rural services purposes	-	-	365,606
Secondary roads purposes	-	-	-
Other purposes	-	-	-
Assigned for:			
County Attorney fine collections	77,936	-	-
Capital projects and equipment	-	-	-
Unassigned	3,090,791	-	-
Total fund balances	<b>3,573,371</b>	<b>2,513,058</b>	<b>365,606</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,304,187</b>	<b>4,309,969</b>	<b>1,676,410</b>

See notes to financial statements.



Secondary Roads	Nonmajor	Total
2,134,953	1,317,924	9,898,166
-	66,402	66,402
-	118	6,260
-	35,000	6,095,000
-	-	85,676
9,075	-	131,645
-	6	29,792
-	3,396	3,396
8,288	-	68,292
376,073	97,868	849,921
974,851	-	974,851
7,381	-	112,500
<u>3,510,621</u>	<u>1,520,714</u>	<u>18,321,901</u>

141,322	12,763	348,765
-	-	16,710
-	60,004	68,292
222	-	359,352
-	35,000	6,095,000
-	118	199,841
<u>141,544</u>	<u>107,885</u>	<u>7,087,960</u>

974,851	-	974,851
7,381	-	112,500
-	-	299,525
-	-	2,513,058
-	-	365,606
2,386,845	-	2,386,845
-	1,216,985	1,216,985
-	-	77,936
-	195,844	195,844
-	-	3,090,791
<u>3,369,077</u>	<u>1,412,829</u>	<u>11,233,941</u>
<u>3,510,621</u>	<u>1,520,714</u>	<u>18,321,901</u>

**Carroll County**

Carroll County

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

June 30, 2011

**Total governmental fund balances (page 23)** \$ 11,233,941

***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 \$55,443,791 and the accumulated depreciation is \$25,649,632. 29,794,159

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 199,841

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 921,671

Long-term liabilities, including compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (406,623)

**Net assets of governmental activities (page 19)** \$ 41,742,989

See notes to financial statements.

Carroll County

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

Year ended June 30, 2011

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 3,658,755	1,629,622	1,275,282
Local option sales tax	-	-	521,840
Interest and penalty on property tax	28,684	-	-
Tax increment financing	-	-	-
Intergovernmental	1,450,524	1,208,462	43,562
Licenses and permits	100,613	-	890
Charges for service	1,510,105	-	-
Use of money and property	229,815	-	-
Miscellaneous	76,908	4,704	8,943
Total revenues	<u>7,055,404</u>	<u>2,842,788</u>	<u>1,850,517</u>
Expenditures:			
Operating:			
Public safety and legal services	2,529,308	-	326,794
Physical health and social services	1,137,806	-	-
Mental health	-	2,249,772	-
County environment and education	731,243	-	136,016
Roads and transportation	-	-	25,000
Governmental services to residents	418,624	-	-
Administration	1,313,692	-	-
Non-program	865,220	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>6,995,893</u>	<u>2,249,772</u>	<u>487,810</u>
Excess (deficiency) of revenues over (under) expenditures	<u>59,511</u>	<u>593,016</u>	<u>1,362,707</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(150,808)	-	(1,232,932)
Total other financing sources (uses)	<u>(150,808)</u>	<u>-</u>	<u>(1,232,932)</u>
Net change in fund balances	(91,297)	593,016	129,775
Fund balances beginning of year, as restated	3,664,668	1,920,042	235,831
Fund balances end of year	<u>\$ 3,573,371</u>	<u>2,513,058</u>	<u>365,606</u>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	76,860	6,640,519
-	521,840	1,043,680
-	-	28,684
-	35,999	35,999
3,377,439	893,247	6,973,234
3,005	-	104,508
-	19,666	1,529,771
-	13,794	243,609
418,152	286,274	794,981
<u>3,798,596</u>	<u>1,847,680</u>	<u>17,394,985</u>
-	-	2,856,102
-	-	1,137,806
-	-	2,249,772
-	209,307	1,076,566
4,793,013	-	4,818,013
-	-	418,624
-	39,150	1,352,842
-	-	865,220
-	78,602	78,602
251,779	1,199,576	1,451,355
<u>5,044,792</u>	<u>1,526,635</u>	<u>16,304,902</u>
<u>(1,246,196)</u>	<u>321,045</u>	<u>1,090,083</u>
1,383,740	-	1,383,740
-	-	(1,383,740)
<u>1,383,740</u>	<u>-</u>	<u>-</u>
137,544	321,045	1,090,083
3,231,533	1,091,784	10,143,858
<u>3,369,077</u>	<u>1,412,829</u>	<u>11,233,941</u>

Carroll County

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

Year ended June 30, 2011

**Net change in fund balances - Total governmental funds (page 27)** \$ 1,090,083

***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	\$ 2,116,711	
Capital assets contributed by other governments	3,380	
Depreciation expense	<u>(1,812,125)</u>	307,966

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 92,299

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	3,502	
Other	<u>36,707</u>	40,209

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. 131,659

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	(2,522)	
Other postemployment benefits	(68,756)	
Interest on long-term debt	<u>1,188</u>	(70,090)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. (36,744)

**Change in net assets of governmental activities (page 21)** \$ 1,555,382

See notes to financial statements.

Carroll County  
Statement of Net Assets  
Proprietary Funds

June 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
<b>Assets</b>		
Current assets:		
Cash and pooled investments	\$ 19,847	1,050,329
Receivables:		
Accounts	121,817	-
Accrued interest	30	3,488
Capital assets, net of accumulated depreciation	1,031,831	-
<b>Total assets</b>	<b>1,173,525</b>	<b>1,053,817</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	119,719	132,146
USDA loans	1,715	-
Long-term liabilities:		
USDA loans	364,157	-
<b>Total liabilities</b>	<b>485,591</b>	<b>132,146</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	665,959	-
Unrestricted	21,975	921,671
<b>Total net assets</b>	<b>\$ 687,934</b>	<b>921,671</b>

See notes to financial statements.

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

Year ended June 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	878,627
Reimbursements from employees	-	141,493
Charges for service	18,248	-
Total operating revenues	<u>18,248</u>	<u>1,020,120</u>
Operating expenses:		
Medical claims	-	862,004
Administrative fees	-	204,237
Depreciation	26,047	-
Miscellaneous	7,407	-
Total operating expenses	<u>33,454</u>	<u>1,066,241</u>
Operating loss	<u>(15,206)</u>	<u>(46,121)</u>
Non-operating revenues (expenses):		
Interest income	86	9,377
State and federal grants	324,468	-
Interest expense	(7,522)	-
Miscellaneous	(6,703)	-
Total nonoperating revenues	<u>310,329</u>	<u>9,377</u>
Net income (loss) before contributions	295,123	(36,744)
Capital contributions	<u>55,358</u>	-
Change in net assets	350,481	(36,744)
Net assets beginning of year	<u>337,453</u>	<u>958,415</u>
Net assets end of year	<u>\$ 687,934</u>	<u>921,671</u>

See notes to financial statements.



Carroll County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	878,627
Cash received from employees and others	-	141,493
Cash received from sewer fees	16,163	-
Cash paid to suppliers for services	(7,443)	(1,085,258)
Net cash provided (used) by operating activities	<u>8,720</u>	<u>(65,138)</u>
Cash flows from investing activities:		
Interest on investments	<u>56</u>	<u>8,271</u>
Cash flows from capital and related financing activities:		
USDA loan proceeds	233,000	-
Non-operating grant proceeds	206,246	-
Payment of debt owed to County	(1,980)	-
Principal paid on USDA loan	(1,128)	-
Interest paid on USDA loan	(16,070)	-
Acquisition of capital assets	(430,698)	-
Net cash used by capital and related financing activities	<u>(10,630)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,854)	(56,867)
Cash and cash equivalents beginning of year	<u>21,701</u>	<u>1,107,196</u>
Cash and cash equivalents end of year	<u>\$ 19,847</u>	<u>1,050,329</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (15,206)	(46,121)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	26,047	-
Increase in accounts receivable	(2,085)	-
Decrease in accounts payable	(36)	(19,017)
Net cash provided (used) by operating activities	<u>\$ 8,720</u>	<u>(65,138)</u>
Non-cash investing, capital and financing activities:		

During the year ended June 30, 2011, capital assets of \$55,358 were contributed to the Enterprise, Maple River Sewer Fund by the General Fund.

See notes to financial statements.

Carroll County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2011

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 1,301,555
Other County officials	34,084
Receivables:	
Property tax:	
Delinquent	42,703
Succeeding year	20,140,000
Accounts	29,825
Due from other governments	27,584
<b>Total assets</b>	<u>21,575,751</u>

**Liabilities**

Accounts payable	17,572
Salaries and benefits payable	673
Due to other governments	21,528,331
Trusts payable	26,130
Compensated absences	3,045
<b>Total liabilities</b>	<u>21,575,751</u>

**Net assets** \$ -

See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2011

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

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

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

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

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

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail and the Conservation Education Center and were not included in the County's budget. The financial transactions of this component unit have been reported in the Special Revenue and Capital Projects Funds.

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: Carroll County Assessor's Conference Board, Carroll County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll Area Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Ambulance, Conservation and Development.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues 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 the road use tax allocation from the State of Iowa, required transfers from the General and Special Revenue, Rural Services Funds and other revenues to be used for secondary roads construction and maintenance.

Additionally, the County reports the following proprietary funds:

Enterprise Funds are utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

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

The following fiduciary funds are also reported:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restricted classifications – committed, assigned and then unassigned fund balances.

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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

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

taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected.

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, 2011, 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 consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles	25,000
Land and buildings	25,000
Land improvements	10,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	30 - 50
Land improvements	10 - 30
Infrastructure	15 - 65
Intangibles	5 - 20
Equipment	2 - 40
Vehicles	4 - 10

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



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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable 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. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

**(2) Cash and Pooled Investments**

The County’s deposits in banks at June 30, 2011 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 an investment in the Iowa Public Agency Investment Trust which is valued at an amortized cost of \$185,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

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

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	County Recorder's Electronic Transaction Fee	\$ 4
	Capital Projects	60,000
		<u>60,004</u>
Special Revenue: Secondary Roads	General	4,746
	Special Revenue:	
	Mental Health	71
	Rural Services	3,471
		<u>8,288</u>
Total		<u>\$ 68,292</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 150,808
	Special Revenue: Rural Services	1,232,932
Total		<u>\$ 1,383,740</u>

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

**(5) Capital Assets**

Governmental activities capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,755,131	-	-	1,755,131
Construction in progress	521,459	1,360,389	(1,716,778)	165,070
Total capital assets not being depreciated	<u>2,276,590</u>	<u>1,360,389</u>	<u>(1,716,778)</u>	<u>1,920,201</u>
Capital assets being depreciated:				
Buildings	6,608,135	43,285	-	6,651,420
Improvements other than buildings	11,050	62,916	-	73,966
Equipment and vehicles	7,998,055	774,770	(342,769)	8,430,056
Infrastructure, road network	36,651,370	78,541	-	36,729,911
Infrastructure, other	-	1,638,237	-	1,638,237
Total capital assets being depreciated	<u>51,268,610</u>	<u>2,597,749</u>	<u>(342,769)</u>	<u>53,523,590</u>
Less accumulated depreciation for:				
Buildings	2,166,959	151,022	-	2,317,981
Improvements other than buildings	736	3,515	-	4,251
Equipment and vehicles	4,545,228	523,910	(313,799)	4,755,339
Infrastructure, road network	17,438,383	1,097,273	-	18,535,656
Infrastructure, other	-	36,405	-	36,405
Total accumulated depreciation	<u>24,151,306</u>	<u>1,812,125</u>	<u>(313,799)</u>	<u>25,649,632</u>
Total capital assets being depreciated, net	<u>27,117,304</u>	<u>785,624</u>	<u>(28,970)</u>	<u>27,873,958</u>
Governmental activities capital assets, net	<u>\$ 29,393,894</u>	<u>2,146,013</u>	<u>(1,745,748)</u>	<u>29,794,159</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 174,941
Physical health and social services	2,249
County environment and education	82,835
Roads and transportation	1,460,722
Governmental services to residents	18,260
Administration	73,118
Total depreciation expense - governmental activities	<u>\$ 1,812,125</u>

Business type activities capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,500	-	-	25,500
Construction in progress	55,961	606,123	(662,084)	-
Total capital assets not being depreciated	<u>81,461</u>	<u>606,123</u>	<u>(662,084)</u>	<u>25,500</u>
Capital assets being depreciated:				
Infrastructure	379,789	662,084	-	1,041,873
Less accumulated depreciation for:				
Infrastructure	9,495	26,047	-	35,542
Total capital assets being depreciated, net	<u>370,294</u>	<u>636,037</u>	<u>-</u>	<u>1,006,331</u>
Business type activities capital assets, net	<u>\$ 451,755</u>	<u>1,242,160</u>	<u>(662,084)</u>	<u>1,031,831</u>
Total depreciation expense - business type activities				<u>\$ 26,047</u>

**(6) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 47,198
Special Revenue:		
Mental Health	Services	311,932
Secondary Roads	Services	222
		<u>312,154</u>
Total for governmental funds		<u>\$ 359,352</u>
Agency:		
Agricultural Extension Education	Collections	\$ 166,538
County Assessor		475,101
Schools		11,319,161
Community Colleges		574,755
Corporations		7,766,622
Townships		249,156
Auto License and Use Tax		559,624
E911 Service Commission		167,572
All other		249,802
Total for agency funds		<u>\$ 21,528,331</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Bank Loan	Conser- vation Land Loan	Compen- sated Absences	Net OPEB Liability	Total
<b>Governmental activities:</b>					
Balance beginning of year	\$ 76,000	55,659	198,200	137,145	467,004
Increases	-	-	246,682	99,980	346,662
Decreases	76,000	55,659	244,160	31,224	407,043
Balance end of year	\$ -	-	200,722	205,901	406,623
Due within one year	\$ -	-	180,650	-	180,650

	Capital Loan Anticipation Note	Mt. Carmel USDA Loan	Maple River USDA Loan	Total
<b>Business type activities:</b>				
Balance beginning of year	\$ -	134,000	-	134,000
Increases	410,951	-	233,000	643,951
Decreases	410,951	1,128	-	412,079
Balance end of year	\$ -	132,872	233,000	365,872
Due within one year	\$ -	1,715	-	1,715

Capital Loan Anticipation Note

On November 24, 2009, the County issued a \$600,000 Sewer Revenue Capital Loan Anticipation Note, Series 2009, with a 4.24% fixed interest rate, to Iowa Savings Bank to establish a line of credit for use in paying the costs of improvements and extensions to the Maple River Sewer Utility System, including the costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Maple River area. The County would draw down funds to pay the costs as they were incurred. The note initially matured on December 31, 2010, but the maturity date was extended to June 30, 2011. During the year ended June 30, 2011, the County drew down note proceeds of \$410,951 and repaid the outstanding balance of the note.

Mt. Carmel USDA Capital Loan Note

On October 1, 2009, the County issued a \$134,000 Sewer Revenue Capital Loan Note, Series 2009, with a 3.375% fixed interest rate, to the U.S. Department of Agriculture (USDA). The proceeds were used to pay a portion of the costs of improvements and extensions to the Mt. Carmel Sewer Utility System, including the costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Mt. Carmel area. The County agreed to make payments of \$516 per month beginning November 1, 2010 and continuing until the principal and interest are fully paid, except the final installment of the entire balance of principal and interest, if not paid sooner, shall become due and payable on October 1, 2049. A summary of the County's obligation under the loan dated October 1, 2009 is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	3.375%	\$ 1,715	4,477	6,192
2013	3.375	1,787	4,405	6,192
2014	3.375	1,848	4,344	6,192
2015	3.375	1,911	4,281	6,192
2016	3.375	1,965	4,227	6,192
2017-2021	3.375	10,936	20,024	30,960
2022-2026	3.375	12,947	18,013	30,960
2027-2031	3.375	15,328	15,632	30,960
2032-2036	3.375	18,140	12,820	30,960
2037-2041	3.375	21,485	9,475	30,960
2042-2046	3.375	25,436	5,524	30,960
2047-2050	3.375	19,374	1,133	20,507
Total		\$ 132,872	104,355	237,227

#### Maple River USDA Capital Loan Note

On June 27, 2011, the County issued a \$233,000 Sewer Revenue Capital Loan Note, Series 2011, with a 4.5% fixed interest rate, to the U.S. Department of Agriculture (USDA). The proceeds were used to pay a portion of the costs of improvements and extensions to the Maple River Sewer Utility System, including the costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Maple River area, and repay the Capital Loan Anticipation Note issued on November 24, 2009. The County agreed to make payments of \$1,058 per month beginning July 27, 2012 and continuing until the principal and interest are fully paid, except the final installment of the entire balance of principal and interest, if not paid sooner, shall become due and payable on July 27, 2051. A summary of the County's obligation under the loan dated June 27, 2011 is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	4.50%	\$ -	10,485	10,485
2013	4.50	2,237	10,459	12,696
2014	4.50	2,340	10,356	12,696
2015	4.50	2,447	10,249	12,696
2016	4.50	2,532	10,164	12,696
2017-2021	4.50	14,645	48,835	63,480
2022-2026	4.50	18,340	45,140	63,480
2027-2031	4.50	22,969	40,511	63,480
2032-2036	4.50	28,749	34,731	63,480
2037-2041	4.50	36,030	27,450	63,480
2042-2046	4.50	45,126	18,354	63,480
2047-2051	4.50	56,517	6,963	63,480
2052	4.50	1,068	4	1,072
Total		\$ 233,000	273,701	506,701

**(8) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% 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, 2011, 2010 and 2009 were \$339,095, \$319,354 and \$291,235, respectively, equal to the required contributions for each year.

**(9) Risk Management**

The County is a member of 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 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 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, 2011 were \$149,776.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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 by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation 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) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 109 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding 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, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 99,735
Interest on net OPEB obligation	5,485
Adjustment to annual required contribution	(5,240)
Annual OPEB cost	<u>99,980</u>
Contributions made	(31,224)
Increase in net OPEB obligation	<u>68,756</u>
Net OPEB obligation beginning of year	137,145
Net OPEB obligation end of year	<u><u>\$ 205,901</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$31,224 to the medical plan. Plan members eligible for benefits contributed \$18,561, or 37.3% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 99,735	31.3%	\$ 68,511
2010	99,857	31.2	137,145
2011	99,980	31.2	205,901

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$898,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$898,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,132,000 and the ratio of the UAAL to covered payroll was 21.7%. As of June 30, 2011, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods

and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions 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 Combined 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 \$352 per month for retirees and \$721 for retirees and spouse 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.

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2011 was \$878,627.

Amounts payable from the Internal Service Fund at June 30, 2011 total \$132,146, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$921,671 at June 30, 2011 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 151,163
Incurred claims (including claims incurred but not reported at June 30, 2011)	862,004
Payments on claims during the fiscal year	<u>881,021</u>
Unpaid claims end of year	<u><u>\$ 132,146</u></u>

**(12) Revenue Bonds**

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On November 22, 2006, the County issued \$6,575,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to finance a portion of the cost of the construction of a four-story addition to the hospital, to equip the addition, and to add parking structures and a new surgery center. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

On December 1, 2008, the County issued \$1,400,000 of Facility Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of New Opportunities Inc. for the purchase of land and a building and to equip the building to be used as a Head Start/Outreach facility. The bonds are not a general obligation of the County, but are payable solely from the net revenues of New Opportunities, Inc. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

**(13) County Care Facility**

On July 1, 1990, the management and operation of the Carroll County Care Facility was assumed by Mallard View, Inc. The agreement requires the operator to make monthly rental payments to the County and for the County to pay the operator for services rendered. This agreement was renewed for the period commencing July 1, 2011 and ending June 30, 2014.

**(14) Developer Agreement**

The County entered into a developer agreement on November 28, 2007 to assist in an urban renewal project with Templeton Crop Nutrients, LLC. The County agreed to rebate up to 100% of the incremental property tax paid by the developer in exchange for the costs of constructing a new fertilizer storage and distribution facility. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated semi-annually beginning in the fiscal year ended June 30, 2009 for five years. During the year ended June 30, 2011, \$35,999 was rebated to the developer, Templeton Crop Nutrients, LLC.

**(15) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassification is as follows:

	<u>General</u>	<u>Special Revenue - County Attorney Collection</u>
Balance at June 30, 2010, as previously reported	\$ 3,645,983	18,685
Change in fund type classification per implementation of GASB Statement No. 54	<u>18,685</u>	<u>(18,685)</u>
Balances at July 1, 2010, as restated	<u><u>\$ 3,664,668</u></u>	<u><u>-</u></u>

**Required Supplementary Information**

Carroll 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, 2011

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 7,716,175	-	7,716,175
Interest and penalty on property tax	30,512	-	30,512
Intergovernmental	7,180,697	30,725	7,149,972
Licenses and permits	105,094	-	105,094
Charges for service	1,519,016	-	1,519,016
Use of money and property	262,760	235	262,525
Miscellaneous	898,601	58,144	840,457
Total receipts	<u>17,712,855</u>	<u>89,104</u>	<u>17,623,751</u>
<b>Disbursements:</b>			
Public safety and legal services	2,862,443	-	2,862,443
Physical health and social services	1,131,472	-	1,131,472
Mental health	2,164,003	-	2,164,003
County environment and education	1,105,503	64,050	1,041,453
Roads and transportation	4,872,659	-	4,872,659
Governmental services to residents	418,074	-	418,074
Administration	1,383,073	-	1,383,073
Non-program	925,606	-	925,606
Debt service	78,602	-	78,602
Capital projects	2,120,979	-	2,120,979
Total disbursements	<u>17,062,414</u>	<u>64,050</u>	<u>16,998,364</u>
Excess (deficiency) of receipts over (under) disbursements	650,441	25,054	625,387
Other financing sources, net	<u>410,951</u>	-	<u>410,951</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,061,392	25,054	1,036,338
Balance beginning of year	<u>8,903,176</u>	<u>82,857</u>	<u>8,820,319</u>
Balance end of year	<u>\$ 9,964,568</u>	<u>107,911</u>	<u>9,856,657</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,517,895	7,717,895	(1,720)
20,000	20,000	10,512
6,501,318	7,304,557	(154,585)
93,800	93,800	11,294
1,671,630	1,676,630	(157,614)
229,064	229,064	33,461
783,180	962,190	(121,733)
<u>16,816,887</u>	<u>18,004,136</u>	<u>(380,385)</u>
2,859,045	2,982,761	120,318
1,184,304	1,184,304	52,832
2,832,130	2,832,130	668,127
1,032,189	1,101,989	60,536
4,396,160	4,891,160	18,501
449,477	449,477	31,403
1,505,153	1,570,153	187,080
275,000	1,016,639	91,033
83,953	83,953	5,351
2,729,300	2,883,010	762,031
<u>17,346,711</u>	<u>18,995,576</u>	<u>1,997,212</u>
(529,824)	(991,440)	1,616,827
400,000	600,000	(189,049)
(129,824)	(391,440)	1,427,778
7,832,006	8,820,318	1
<u>7,702,182</u>	<u>8,428,878</u>	<u>1,427,779</u>

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Carroll County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 17,712,855	(317,870)	17,394,985
Expenditures	17,062,414	(757,512)	16,304,902
Net	650,441	439,642	1,090,083
Other financing sources, net	410,951	(410,951)	-
Beginning fund balances	8,903,176	1,240,682	10,143,858
Ending fund balances	\$ 9,964,568	1,269,373	11,233,941

See accompanying independent auditor's report.



Carroll County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Enterprise Funds, Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$1,648,865. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted.

Carroll 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		Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b-a)			
2009	July 1, 2008	-	\$ 898	898	0.0%	\$ 4,158	21.6%
2010	July 1, 2008	-	898	898	0.0	4,158	21.6
2011	July 1, 2008	-	898	898	0.0	4,132	21.7

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

Carroll County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2011

	Resource Enhance- ment and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 2,032	25,628	4
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accrued interest	1	5	-
Drainage assessments	-	-	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 2,033</b>	<b>25,633</b>	<b>4</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	-	-
Due to other funds	-	-	4
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	-	-	4
Fund balances:			
Restricted for other purposes	2,033	25,633	-
Assigned for capital projects and equipment	-	-	-
Total fund balances	2,033	25,633	-
<b>Total liabilities and fund balances</b>	<b>\$ 2,033</b>	<b>25,633</b>	<b>4</b>

See accompanying independent auditor's report.

Special Revenue					
Drainage Districts	Conservation Foundation	Local Option Sales Tax	Debt Service	Capital Projects	Total
41,509	-	928,606	2,392	317,753	1,317,924
-	66,402	-	-	-	66,402
-	-	-	118	-	118
-	-	-	35,000	-	35,000
-	-	-	-	-	6
3,396	-	-	-	-	3,396
-	-	37,868	-	60,000	97,868
44,905	66,402	966,474	37,510	377,753	1,520,714
-	-	-	-	12,763	12,763
-	-	-	-	60,000	60,000
-	-	-	35,000	-	35,000
-	-	-	118	-	118
-	-	-	35,118	72,763	107,885
44,905	66,402	966,474	2,392	109,146	1,216,985
-	-	-	-	195,844	195,844
44,905	66,402	966,474	2,392	304,990	1,412,829
44,905	66,402	966,474	37,510	377,753	1,520,714

Carroll County

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

Year ended June 30, 2011

	Resource Enhance- ment and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Property and other county tax	\$ -	-	-
Local option sales tax	-	-	-
Tax increment financing	-	-	-
Intergovernmental	59,394	-	-
Charges for service	-	4,350	-
Use of money and property	18	64	-
Miscellaneous	-	-	-
Total revenues	59,412	4,414	-
Expenditures:			
Operating:			
County environment and education	57,778	-	-
Administration	-	-	4
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	57,778	-	4
Excess (deficiency) of revenues over (under) expenditures	1,634	4,414	(4)
Fund balances beginning of year	399	21,219	4
Fund balances end of year	\$ 2,033	25,633	-

See accompanying independent auditor's report.

Special Revenue							
Drainage Districts	Conservation Foundation	Local Option Sales Tax	Tax Increment Financing	Debt Service	Capital Projects		Total
-	-	-	-	76,860	-		76,860
-	-	521,840	-	-	-		521,840
-	-	-	35,999	-	-		35,999
31,903	-	-	-	2,496	799,454		893,247
-	-	-	-	-	15,316		19,666
-	235	-	-	-	13,477		13,794
-	58,144	1,320	-	-	226,810		286,274
31,903	58,379	523,160	35,999	79,356	1,055,057		1,847,680
45,948	17,782	51,800	35,999	-	-		209,307
-	-	39,146	-	-	-		39,150
-	-	-	-	78,602	-		78,602
-	-	60,000	-	-	1,139,576		1,199,576
45,948	17,782	150,946	35,999	78,602	1,139,576		1,526,635
(14,045)	40,597	372,214	-	754	(84,519)		321,045
58,950	25,805	594,260	-	1,638	389,509		1,091,784
44,905	66,402	966,474	-	2,392	304,990		1,412,829

**Schedule 3**

Carroll County  
Combining Schedule of Net Assets  
Nonmajor Proprietary Funds

June 30, 2011

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 19,847	-	19,847
Receivables:			
Accounts	1,395	120,422	121,817
Accrued interest	30	-	30
Capital assets, net of accumulated depreciation	373,299	658,532	1,031,831
<b>Total assets</b>	<b>394,571</b>	<b>778,954</b>	<b>1,173,525</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	274	119,445	119,719
USDA loans	1,715	-	1,715
Long-term liabilities:			
USDA loans	131,157	233,000	364,157
<b>Total liabilities</b>	<b>133,146</b>	<b>352,445</b>	<b>485,591</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	240,427	425,532	665,959
Unrestricted	20,998	977	21,975
<b>Total net assets</b>	<b>\$ 261,425</b>	<b>426,509</b>	<b>687,934</b>

See accompanying independent auditor's report.



## Carroll County

Combining Schedule of Revenues, Expenses and  
Nonmajor Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2011

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Operating revenues:			
Charges for service	\$ 16,048	2,200	18,248
Operating expenses:			
Depreciation	9,495	16,552	26,047
Miscellaneous	6,184	1,223	7,407
Total operating expenses	15,679	17,775	33,454
Operating income (loss)	369	(15,575)	(15,206)
Non-operating revenues (expenses):			
Interest income	86	-	86
State and federal grants	-	324,468	324,468
Interest expense	(7,522)	-	(7,522)
Miscellaneous	-	(6,703)	(6,703)
Total nonoperating revenues (expenses)	(7,436)	317,765	310,329
Net income (loss) before contributions and transfers	(7,067)	302,190	295,123
Contributions and transfers:			
Capital contributions	-	55,358	55,358
Transfer in	-	13,000	13,000
Transfer out	(13,000)	-	(13,000)
Total contributions and transfers	(13,000)	68,358	55,358
Change in net assets	(20,067)	370,548	350,481
Net assets beginning of year	281,492	55,961	337,453
Net assets end of year	\$ 261,425	426,509	687,934

See accompanying independent auditor's report.

**Schedule 5**

## Carroll County

Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds

Year ended June 30, 2011

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Cash flows from operating activities:			
Cash received from sewer fees	\$ 16,163	-	16,163
Cash paid to suppliers for services	(7,443)	-	(7,443)
Net cash provided by operating activities	8,720	-	8,720
Cash flows from investing activities:			
Interest on investments	56	-	56
Cash flows from capital and related financing activities:			
USDA loan proceeds	-	233,000	233,000
Non-operating grant proceeds	-	206,246	206,246
Payment of debt owed to County	(1,980)	-	(1,980)
Principal paid on USDA loan	(1,128)	-	(1,128)
Interest paid on debt	(7,522)	(8,548)	(16,070)
Acquisition of capital assets	-	(430,698)	(430,698)
Net cash used by capital and related financing activities	(10,630)	-	(10,630)
Net decrease in cash and cash equivalents	(1,854)	-	(1,854)
Cash and cash equivalents beginning of year	21,701	-	21,701
Cash and cash equivalents end of year	\$ 19,847	-	19,847
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 369	(15,575)	(15,206)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,495	16,552	26,047
Decrease (increase) in accounts receivable	115	(2,200)	(2,085)
Increase (decrease) in accounts payable	(1,259)	1,223	(36)
Net cash provided by operating activities	\$ 8,720	-	8,720

## Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, capital assets of \$55,358 were contributed to the Enterprise, Maple River Sewer Fund by the General Fund.

See accompanying independent auditor's report.

**Carroll County**

Carroll County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,342	231,887	87,939
Other County officials	34,084	-	-	-
Receivables:				
Property tax:				
Delinquent	-	196	259	14,222
Succeeding year	-	165,000	246,000	11,217,000
Accounts	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 34,084</b>	<b>166,538</b>	<b>478,146</b>	<b>11,319,161</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other governments	7,954	166,538	475,101	11,319,161
Trusts payable	26,130	-	-	-
Compensated absences	-	-	3,045	-
<b>Total liabilities</b>	<b>\$ 34,084</b>	<b>166,538</b>	<b>478,146</b>	<b>11,319,161</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
4,121	47,238	2,152	559,624	134,159	233,093	1,301,555
-	-	-	-	-	-	34,084
634	27,384	4	-	-	4	42,703
570,000	7,692,000	247,000	-	-	3,000	20,140,000
-	-	-	-	29,825	-	29,825
-	-	-	-	10,020	17,564	27,584
574,755	7,766,622	249,156	559,624	174,004	253,661	21,575,751
-	-	-	-	6,432	11,140	17,572
-	-	-	-	-	673	673
574,755	7,766,622	249,156	559,624	167,572	241,848	21,528,331
-	-	-	-	-	-	26,130
-	-	-	-	-	-	3,045
574,755	7,766,622	249,156	559,624	174,004	253,661	21,575,751

Carroll County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2011

	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 21,441	170,427	424,255	10,919,812
Additions:				
Property and other county tax	-	165,196	246,259	11,231,221
E911 surcharge	-	-	-	-
State tax credits	-	5,993	40,532	789,151
Office fees and collections	492,148	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	712,626	-	-	-
Miscellaneous	50	-	-	-
Total additions	1,204,824	171,189	286,791	12,020,372
Deductions:				
Agency remittances:				
To other funds	202,189	-	-	-
To other governments	254,341	175,078	232,900	11,621,023
Trusts paid out	735,651	-	-	-
Total deductions	1,192,181	175,078	232,900	11,621,023
Balances end of year	\$ 34,084	166,538	478,146	11,319,161

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
519,349	7,584,343	243,800	559,371	178,580	243,166	20,864,544
570,634	7,719,384	247,005	-	-	3,001	20,182,700
-	-	-	-	217,107	-	217,107
24,191	243,913	5,715	-	-	513	1,110,008
-	-	-	-	-	-	492,148
-	-	-	6,691,903	-	-	6,691,903
-	-	-	-	-	10,529	10,529
-	-	-	-	-	-	712,626
-	-	-	-	-	200,234	200,284
594,825	7,963,297	252,720	6,691,903	217,107	214,277	29,617,305
-	-	-	199,471	-	-	401,660
539,419	7,781,018	247,364	6,492,179	221,683	203,782	27,768,787
-	-	-	-	-	-	735,651
539,419	7,781,018	247,364	6,691,650	221,683	203,782	28,906,098
574,755	7,766,622	249,156	559,624	174,004	253,661	21,575,751

Carroll County

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

For the Last Ten Years

	2011	2010	2009
<b>Revenues:</b>			
Property and other county tax	\$ 6,640,519	6,249,428	6,151,523
Local option sales tax	1,043,680	916,542	945,460
Interest and penalty on property tax	28,684	32,778	18,935
Tax increment financing	35,999	35,688	36,999
Intergovernmental	6,973,234	5,991,574	5,238,692
Licenses and permits	104,508	101,193	146,138
Charges for service	1,529,771	1,658,603	1,646,789
Use of money and property	243,609	260,454	321,974
Fines, forfeitures and defaults	-	-	-
Miscellaneous	794,981	874,176	694,645
<b>Total</b>	<b>\$ 17,394,985</b>	<b>16,120,436</b>	<b>15,201,155</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 2,856,102	2,758,548	2,653,229
Physical health and social services	1,137,806	1,132,825	1,039,186
Mental health	2,249,772	2,156,469	2,625,463
County environment and education	1,076,566	1,181,604	1,122,372
Roads and transportation	4,818,013	4,546,295	3,775,781
Governmental services to residents	418,624	415,692	464,272
Administration	1,352,842	1,323,946	1,277,280
Non-program	865,220	148,626	134,675
Debt service	78,602	90,409	91,002
Capital projects	1,451,355	1,267,519	559,096
<b>Total</b>	<b>\$ 16,304,902</b>	<b>15,021,933</b>	<b>13,742,356</b>

See accompanying independent auditor's report.



Modified Accrual Basis						
2008	2007	2006	2005	2004	2003	2002
5,862,009	5,659,130	5,408,304	5,096,298	5,129,098	4,996,273	4,830,123
811,247	940,793	838,355	757,912	262,439	-	-
41,163	36,749	29,104	28,243	45,758	35,207	36,890
-	-	-	-	-	-	-
5,487,048	4,828,731	4,748,882	4,775,821	4,632,453	5,011,828	5,074,363
124,602	86,241	74,338	55,143	66,889	77,990	75,044
1,761,086	1,682,553	1,479,616	1,421,620	1,298,488	1,233,218	1,248,698
442,342	400,106	299,785	220,883	184,790	212,256	289,378
-	-	-	3,711	-	-	756
704,791	682,760	905,034	759,629	1,483,180	462,391	360,357
15,234,288	14,317,063	13,783,418	13,119,260	13,103,095	12,029,163	11,915,609
2,539,995	2,374,712	2,325,097	2,090,553	1,991,577	1,978,593	1,920,854
980,801	935,308	939,587	932,524	1,136,692	1,099,460	1,194,390
3,103,527	3,003,054	2,669,843	2,675,722	2,323,078	2,522,514	2,525,443
1,082,863	914,289	842,254	852,196	1,314,236	785,261	701,166
3,758,266	3,581,795	3,407,711	3,584,619	3,946,971	3,096,413	3,679,075
440,751	430,408	549,691	349,093	349,000	384,115	345,484
1,215,715	1,194,823	1,188,092	1,116,364	1,081,846	1,032,052	921,885
233,406	218,443	153,139	108,309	351,681	273,593	156,320
127,520	193,531	271,719	276,627	37,744	525,732	118,698
648,873	824,558	770,111	1,265,004	1,719,057	1,147,195	790,600
14,131,717	13,670,921	13,117,244	13,251,011	14,251,882	12,844,928	12,353,915

Carroll County  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Direct:				
U.S. Department of Agriculture:				
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 208,454	233,000
Indirect:				
U.S. Department of Agriculture:				
Iowa Department of Human Services:				
Human Services Administrative Reimbursements:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		18,672	-
U.S. Department of Housing and Urban Development:				
Iowa Department of Economic Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (\$590,892 provided to subrecipients)	14.228	10-CF-001	590,892	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (\$231,983 provided to subrecipients)	14.228	08-CF-002-05	231,983	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	05-WS-016	75,924	-
			<u>898,799</u>	-
U.S. Department of Transportation:				
Iowa Department of Transportation:				
ARRA - Highway Planning and Construction	20.205	ESL-C014(126)--7S-14	545,002	-
Highway Planning and Construction	20.205	ESL-C014(126)--7S-14	200,000	-
Highway Planning and Construction	20.205	BROS-C014(132)--8J-14	132,940	-
			<u>877,942</u>	-
U.S. Environmental Protection Agency:				
Iowa Department of Natural Resources:				
Chesapeake Bay Program	66.466		2,490	-
U.S. Department of Health and Human Services:				
Elderbridge Agency on Aging, Inc.:				
Special Programs for the Aging Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044		13,309	-
Iowa Department of Public Health:				
Public Health Emergency Preparedness	93.069	5581BT14	17,592	-
Public Health Emergency Preparedness	93.069	5881BT314	20,139	-
			<u>37,731</u>	-
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	5881NB05	6,505	-
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	5881CR104	1,400	-
			<u>7,905</u>	-
Social Services Block Grant	93.667		3,236 *	-
			<u>3,236</u>	-

Carroll County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Indirect (continued):				
Iowa Department of Human Services:				
Human Services Administrative Reimbursements:				
Refugee and Entrant Assistance_ State Administered Programs	93.566		10	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		4,427	-
Foster Care_Title IV-E	93.658		7,348	-
Adoption Assistance	93.659		1,781	-
Children's Health Insurance Program	93.767		79	-
Medical Assistance Program	93.778		17,762	-
Social Services Block Grant	93.667		6,272	-
Social Services Block Grant	93.667		73,183	-
			79,455	*
Iowa Department of Homeland Security:				
Iowa Department of Public Defense:				
Iowa Homeland Security and				
Emergency Management Division:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1880 DR IA	2,099	-
Emergency Management Performance Grants	97.042		25,961	-
Homeland Security Grant Program	97.067		2,550	-
Total indirect			2,001,556	-
Total			\$ 2,210,010	233,000

\* - Total for CCFA 93.667 is \$82,691.

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Carroll County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Carroll County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 29, 2012. 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

Management of Carroll County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Carroll 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 an opinion on the effectiveness of Carroll County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of 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 Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-11 through II-F-11 to be significant deficiencies.

## Compliance and Other Matters

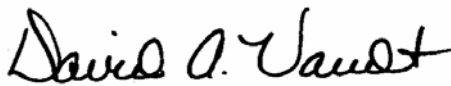
As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 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.

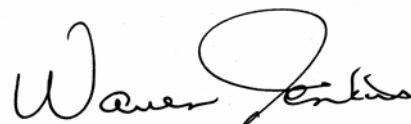
Carroll County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Carroll County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carroll County and other parties to whom Carroll County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

February 29, 2012

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

**Carroll County**





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

To the Officials of Carroll County:

Compliance

We have audited Carroll County, Iowa's compliance, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Carroll County's major federal programs for the year ended June 30, 2011. Carroll County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal program is the responsibility of Carroll County's management. Our responsibility is to express an opinion on Carroll County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carroll County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carroll County's compliance with those requirements.

In our opinion, Carroll County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

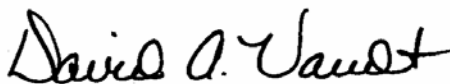
The management of Carroll County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Carroll County's internal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

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

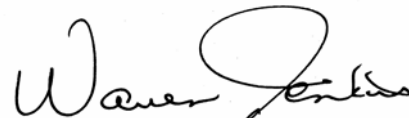
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11, we consider to be a significant deficiency. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Carroll County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the County's response, we did not audit Carroll County's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carroll County and other parties to whom Carroll County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 29, 2012

Carroll County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over one of the major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 10.760 – Water and Waste Disposal Systems for Rural Communities.
  - CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
  - Highway Planning and Construction
    - CFDA Number 20.205 – ARRA – Highway Planning and Construction
    - CFDA Number 20.205 – Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Carroll County did not qualify as a low-risk auditee.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-11 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset additions and deletions 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, payables and capital asset additions and deletions are identified and included in the County’s financial statements.

Response – Employees of the County Auditor’s office will review payables, receivables, and capital asset additions and deletions to ensure all are identified and included in the County’s financial statements.

Conclusion – Response accepted.

II-B-11 Carroll County Ambulance Department – The Ambulance Department bills for services provided. Collections for those services are remitted directly to the County Treasurer’s Office. The County Treasurer’s Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. The Ambulance Department attempts to reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month, but unexplained variances remain.

Recommendation – The Ambulance Department should reconcile the collections recorded in its accounts receivable computer system with the actual collections recorded by the County Treasurer in total each month. Variances should be researched and explanations of variances should be included for the reconciling items.

Response – The Ambulance Department will make a variance report of items (the private payee payments and the Medicare payments) which do not match the Treasurer’s report. The report will then be attached with the monthly balancing report.

Conclusion – Response acknowledged. However, the Ambulance Department should reconcile the collections recorded in its accounts receivable computer system with the actual collections recorded by the County Treasurer in total each month.

II-C-11 Information Systems – Passwords are not changed every 60 to 90 days. The County’s software does not require users to periodically change log-ins/passwords.

Recommendation – The County should develop written policies to improve the County’s control over information systems.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Response – The majority of program passwords are changed on a regular basis. The County will discuss a plan to change log-in passwords on a regular basis.

Conclusion – Response accepted.

- II-D-11 Board of Health – One individual has custody of receipts and performs all record keeping duties.

Accurate accounts receivable listings were not prepared and retained at month end. Also, amounts billed for Medicare, Medicaid and other reimbursements were not reconciled to collections and accounts receivable.

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

The accounts receivable listing should be accurately prepared monthly and retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly and retained.

Response – The office will do what we can with the limited number of employees. Also, the office will record on the listing of the accounts receivable billings the amount collected.

Conclusion – Response acknowledged. A list of unpaid billings should be prepared at the end of the month. Also, a reconciliation of billings, collections and accounts receivable should be prepared monthly and retained. In addition, the Office should consider using other County employees to provide additional control.

- II-E-11 County Sheriff – One individual in the Sheriff's Office collects cash, prepares the deposit and prepares the monthly bank reconciliations. There is no evidence of independent review of these bank reconciliations. Also, one individual in the Sheriff's Office collects, records, deposits and reconciles the Commissary account. In addition, no initial listing is prepared of money or checks received in the mail.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Sheriff's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. In addition, the bank reconciliations should be reviewed by an independent person. This reconciliation should be initialed and dated by the reviewer. Also, an initial listing of receipts should be prepared and reconciled to the amount deposited.

Response – The Sheriff's Department will cross train current staff or hire a part-time person to help segregate key duties. The part-time office assistant will perform an independent review of the bank reconciliation on a monthly basis, documenting their review by initialing and dating the reconciliation. An initial listing of receipts will be maintained and reconciled to amounts deposited.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- II-F-11 County Recorder – One individual in the Recorder’s Office collects cash, prepares the deposit and prepares the monthly bank reconciliations.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Recorder’s Office should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The Recorder’s Office is a two full time person and one part time clerk office. The Recorder, Deputy and part time clerk cross check deposits, monthly bank statements along with daily spreadsheets.

Conclusion – Response acknowledged. However, duties should be segregated to the extent possible under the circumstances. The Office should consider using other County employees to provide additional control.

**INSTANCE OF NON-COMPLIANCE:**

No matters were noted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

**CFDA Number 14.228: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii**

**Pass-through Agency Numbers: 08-CF-002-05; 10-CF-001**

**Federal Award Year: 2008; 2010**

**U.S. Department of Housing and Urban Development**

**Passed through the Iowa Department of Economic Development**

III-A-11 Monitoring of Subrecipient Audit Reports – OMB Circular A-133 requires the County to ensure required audit reports of subrecipients expending \$500,000 or more in federal awards are completed within nine months of the subrecipient's fiscal year end, issue a management decision on audit findings within six months of the receipt of the subrecipient's audit report and ensure the subrecipient takes timely and appropriate corrective action on all findings.

The County does not have any policies and procedures in place to ensure all subrecipient audit reports have been reviewed.

Recommendation – The County should ensure audit reports for all subrecipients which expend \$500,000 or more in federal awards each year are formally reviewed in a timely manner, including appropriate follow-up.

Response and Corrective Action Planned – Carroll County will contact subrecipients to ensure they are complying with federal audit requirements. Carroll County will also perform a formal review of the audited financial statements of subrecipients, including any follow-up on audit comments affecting the Federal program.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Louie Grote, Veterans Affairs Director, owner of LNC Computers	IT services/motherboard	\$ 29,042
Judy Lengemann, Sheriff's Department jailer, independent contractor	Jail meals	18,269
Jean Seidl, Treasurer's Office, wife of Mike Seidl, owner of Seidl Construction	New door/mowing	1,322
Mark River, Conservation Director, husband of Allison Ohde, co-owner of Ohde Funeral Home	Medical examiner	1,303
Dan Heiman, part time Conservation employee, Heiman business owner	Hay/corn/brakes/cabinets	1,281
Jessica Badding, Case Management, wife of Mike Badding, employee of Webb Control	Insect spraying	1,185
Alan Brinks, Secondary Roads employee, independent contractor	Mowing	1,035
Kourtney Irlbeck, Auditor's Office, wife of Scot Irlbeck, owner of SI Auto Body	Ambulance repair	813
Keny Myers, Sheriff's Deputy, owner of Myers Flying Service	Transports	808
Steve Olberding, Secondary Roads employee, father of co-owner of Eagle Pressure Washers	Washer and heater repairs	647
Emily Loew, Treasurer's Office, wife of Mike Loew, co-owner of MJ Loew Floor Covering	Carpet juvenile court office	597
Matt Ringgenberg, part time ambulance employee, independent contractor	Training	400
Bill Fish, Ambulance Director, death investigator	Medical exam investigation	300
Kristyn Gerhard, part time Mental Health Advocate, independent contractor	Consultation	200
Paul Heuton, Secondary Roads employee, independent contractor	Trail project labor	150
Patricia Simons, Recorder's Office, wife of Tom Simons, independent contractor	Stockpile rent	100



Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with LNC Computers and Judy Lengemann may represent a conflict of interest since total transactions exceeded \$1,500 during the year and transactions were not competitively bid.

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Seidl Construction, Ohde Funeral Home, Dan Heiman, Webb Control, Alan Brinks, SI Auto Body, Myers Flying Service, Eagle Pressure Washers, MJ Loew Floor Covering, Matt Ringgenberg, Bill Fish, Kristyn Gerhard, Paul Heuton and Tom Simons do not appear to represent conflicts of interest since total transactions with each were less than \$1,500 during the year.

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

Response – We will consult with legal counsel for disposition of this matter.

Conclusion – Response accepted.

IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-11 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, 2011 for the County Extension Office did not exceed the amount budgeted.

IV-J-11 County Extension Office Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the County Extension Office may have control over collecting, depositing and reconciling receipts. Bank reconciliations are not prepared by an independent person.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

Response – The office will continue to segregate duties as best as possible with the limited number of employees in the office.

Conclusion – Response accepted.

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Carroll County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Donald J. Lewis, CPA, Senior Auditor  
Keith C. Kistenmacher, Staff Auditor  
Ryan A. Yeager, CPA, Staff Auditor  
Samuel M. Wagner, Auditor Intern

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State