



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

March 15, 2013

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$30,632,936 for the year ended June 30, 2012, which included \$784,712 in tax credits from the state. The County forwarded \$23,970,993 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,661,943 of the local tax revenue to finance County operations, an 11.6% increase over the prior year. Other revenues included charges for service of \$1,095,711, operating grants, contributions and restricted interest of \$4,979,999, capital grants, contributions and restricted interest of \$34,974, tax increment financing of \$87,818, local option sales tax of \$834,594, unrestricted investment earnings of \$11,108 and other general revenues of \$281,569.

Expenses for County operations totaled \$14,524,668, a 12.6% increase over the prior year. Expenses included \$5,408,432 for roads and transportation, \$2,909,202 for public safety and legal services and \$2,703,078 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/1210-0079-B00F.pdf>.

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POWESHIEK COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2012

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor’s Report	5-6
Management’s Discussion and Analysis	7-13
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 16
Statement of Activities	B 17
Governmental Fund Financial Statements:	
Balance Sheet	C 18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 24
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 25
Statement of Revenues, Expenses and Changes in Fund Net Assets	H 26
Statement of Cash Flows	I 27
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	J 28
Notes to Financial Statements	29-44
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	46
Budget to GAAP Reconciliation	47
Notes to Required Supplementary Information – Budgetary Reporting	48
Schedule of Funding Progress for the Retiree Health Plan	49
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 52-53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 54-55
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	3 56-57
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4 58-59
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5 60-61
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	63-64
Schedule of Findings	65-70
Staff	71

Poweshiek County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Shutts	Board of Supervisors	(Deceased)
A.S. Moffit (Appointed June 2012)	Board of Supervisors	Nov 2012
Ellie Snook	Board of Supervisors	(Deceased)
Trevor White (Elected March 2012)	Board of Supervisors	Jan 2015
Larry Wilson	Board of Supervisors	Jan 2015
Diana Dawley	County Auditor	Jan 2013
Lana Taylor	County Treasurer	Jan 2015
Beverly Malloy	County Recorder	Jan 2015
Thomas B. Sheets	County Sheriff	Jan 2013
Rebecca Petig	County Attorney	Jan 2015
Dotty Bates	County Assessor	Jan 2016

Poweshiek County



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Independent Auditor's Report

To the Officials of Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Poweshiek County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

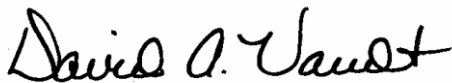
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County at June 30, 2012, and the respective changes in financial 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 21, 2013 on our consideration of Poweshiek County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

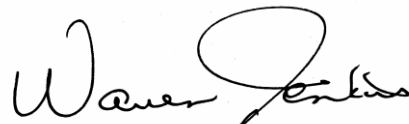
U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 46 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (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, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets or capital assets and supplies inventory for the Secondary Roads Fund. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information 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 21, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Poweshiek County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 7.5%, or approximately \$977,000, from fiscal year 2011 to fiscal year 2012. Property tax increased approximately \$691,000, operating grants, contributions and restricted interest increased approximately \$735,000 and capital grants, contributions and restricted interest decreased approximately \$158,000.
- Program expenses of the County's governmental activities increased 12.6%, or approximately \$1,626,000, from fiscal year 2011 to fiscal year 2012. Roads and transportation expenses increased approximately \$555,000, mental health expenses increased approximately \$1,307,000, administration expenses increased approximately \$79,000, interest on long-term debt increased approximately \$60,000 and public safety and legal services expenses increased approximately \$146,000.
- The County's net assets decreased 2.2%, or approximately \$537,000, from June 30, 2011 to June 30, 2012.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has 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, Secondary Roads and Urban Renewal 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for proprietary funds include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Poweshiek County's combined net assets at the end of fiscal year 2012 totaled approximately \$23.8 million, compared to approximately \$24.4 million at the end of fiscal year 2011. The analysis that follows focuses on the changes in the net assets of governmental activities.

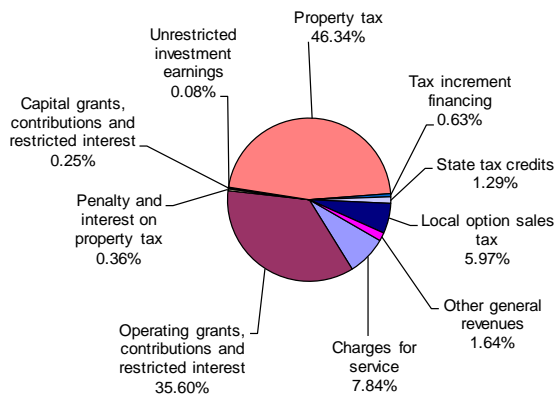
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2012	2011
Current and other assets	\$ 21,123	15,637
Capital assets	23,544	24,140
Total assets	44,667	39,777
Long-term liabilities	13,181	8,064
Other liabilities	7,643	7,333
Total liabilities	20,824	15,397
Net assets:		
Invested in capital assets, net of related debt	16,909	17,185
Restricted	4,215	3,706
Unrestricted	2,719	3,489
Total net assets	\$ 23,843	24,380

Net assets of Poweshiek County's governmental activities decreased 2.2% (approximately \$24.38 million compared to approximately \$23.84 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—decreased from approximately \$3,489,000 at June 30, 2011 to approximately \$2,719,000 at the end of this year, a decrease of 22.1%.

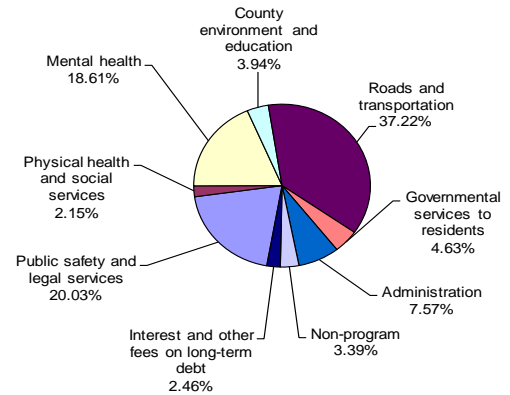
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2012	2011
Revenues:		
Program revenues:		
Charges for service	\$ 1,096	1,116
Operating grants, contributions and restricted interest	4,980	4,245
Capital grants, contributions and restricted interest	35	193
General revenues:		
Property tax	6,482	5,791
Tax increment financing	88	555
Penalty and interest on property tax	51	53
State tax credits	180	177
Local option sales tax	835	762
Unrestricted investment earnings	11	14
Other general revenues	230	105
Total revenues	13,988	13,011
Program expenses:		
Public safety and legal services	2,909	2,763
Physical health and social services	312	448
Mental health	2,703	1,396
County environment and education	572	994
Roads and transportation	5,408	4,853
Governmental services to residents	672	669
Administration	1,100	1,014
Non-program	492	465
Interest and other fees on long-term debt	357	297
Total expenses	14,525	12,899
Change in net assets	(537)	112
Net assets beginning of year	24,380	24,268
Net assets end of year	\$ 23,843	24,380

Revenues by Source



Expenses by Program



The County increased property tax rates for fiscal year 2012 an average of 5.2%. County wide taxable valuations in Poweshiek County have increased as follows: from \$854,681,972 in fiscal year 2010 to \$902,648,361 in fiscal year 2011 and \$959,042,506 in fiscal year 2012. Based on increases in the total assessed valuation and an increase in fiscal year 2013 property tax rates, property tax revenue is budgeted to increase an additional \$126,000 next year.

The cost of all governmental activities was approximately \$14.5 million compared to approximately \$12.9 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$8.4 million because some of the cost was paid by those directly benefited from the programs (\$1,096,000) or by other governments and organizations which subsidized certain programs with grants and contributions (\$5,015,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2012 from approximately \$5,553,000 to approximately \$6,111,000, principally due to the mental health allowed growth factor. The County paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other revenues, such as local option sales tax and interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$12.2 million, an increase of approximately \$4.9 million from last year's total of approximately \$7.3 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$319,000 over the prior year, mostly due to an increase in property tax of approximately \$414,000. Expenditures remained consistent when compared to prior year. The ending fund balance increased approximately \$46,000 from the prior year to approximately \$2,238,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately \$2,034,000, an increase of 56.3% from the prior year. Expenditures increased approximately \$1,298,000 compared to the prior year. The Mental Health Fund balance at year end decreased approximately \$647,000 from the prior year to approximately \$78,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$283,000 compared to the prior year. Expenditures increased approximately \$163,000, a 19.0% increase from the prior year, primarily due to salary increases. The Rural Services Fund ending fund balance increased approximately \$103,000 from the prior year to approximately \$322,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$16,000 compared to the prior year. Expenditures increased approximately \$239,000, or 5.1%, over the prior year, due primarily to the purchase of an excavator. The Secondary Roads Fund ending fund balance decreased approximately \$78,000 from the prior year to approximately \$1,732,000.
- Special Revenue, Urban Renewal Fund revenues totaled approximately \$88,000, a decrease of 84.2% from the prior year. Expenditures totaled \$83,560, a decrease of 86.4% over the prior year. This decrease is due to decreased payments on development agreements during the year. The Urban Renewal Fund ending fund balance increased approximately \$4,000 from the prior year to approximately \$127,000.

- Debt Service Fund revenues increased approximately \$7,600 from the prior year. Expenditures increased approximately \$30,000 from the prior year. The ending fund balance increased approximately \$5,091,000 from the prior year to approximately \$5,148,000 due to the issuance of \$5,210,000 of general obligation refunding bonds during the fiscal year. The funds are held in escrow for the purpose of paying future principal and interest due on the refunded portion on June 1, 2018.
- Capital Projects Fund expenditures decreased approximately \$5,000 due to final payments for the public safety building project in fiscal year 2011. Approximately \$14,000 remained in the Capital Projects Fund at the end of the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget two times. The first amendment was made in October 2011 and resulted in an increase in budgeted disbursements for mental health, administration and nonprogram disbursements primarily for the mental health allowed growth factor received, a new courthouse roof and a study of Highway 63 for future capital projects. The second amendment was made in April 2012. This amendment was made primarily to provide for increased mental health disbursements and the purchase of a new camera and computer for the Sheriff’s office.

The County’s receipts were \$170,947 more than budgeted, a variance of 1.26%. The most significant variance resulted from more property tax being received than anticipated.

Total disbursements were \$1,650,492 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and administration functions were \$646,577, \$266,328 and \$200,320, respectively, less than budgeted. This was primarily due to the County not completing projects at Diamond Lake Park and fewer projects in the Secondary Roads Department than anticipated. The remaining variance was due to various departments which cut back disbursements at the request of the Board of Supervisors due to economic factors.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, Poweshiek County had approximately \$23.5 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2012	2011
Land	\$ 1,675	1,610
Construction in progress	188	5,193
Buildings and improvements	8,139	8,280
Equipment and vehicles	1,460	1,558
Infrastructure	12,082	7,499
Total	\$ 23,544	24,140

The County had depreciation expense of \$1,023,844 in fiscal year 2012 and total accumulated depreciation of \$8,060,068 at June 30, 2012. Capital assets, net of accumulated depreciation, decreased approximately \$596,000 during the year. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2012, Poweshiek County had \$11,845,000 of long-term debt outstanding, compared to \$6,955,000 at June 30, 2011.

Debt increased as a result of issuing \$5,210,000 of general obligation refunding bonds to pay the cost of refunding \$4,845,000 of general obligation bonds dated October 15, 2008, with a June 1, 2018 call date.

The County carries a general obligation bond rating of A2 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of \$11,845,000 is significantly below its constitutional debt limit of approximately \$81 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2013 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2013 county wide property tax rate is \$8.11164 per \$1,000 of taxable valuation, a decrease of \$.26922 per \$1,000 of taxable valuation from fiscal year 2012. Poweshiek County will fund capital projects for road improvements, a new bike trail, on-going work at the campground at Diamond Lake Park and joint dispatch. These factors, along with increased wage adjustments for union and pay-plan employees, represent the largest portion of the increased expenditures. The fiscal year 2013 ending fund balance is expected to be approximately \$1,126,000 in the General Fund.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Poweshiek County Auditor's Office, 302 East Main Street, Montezuma, Iowa 50171-0314.

Poweshiek County

Basic Financial Statements

Exhibit A

Poweshiek County
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash, pooled investments and cash equivalents	\$ 8,386,480
U.S. Treasury securities on deposit with escrow agent	5,120,836
Receivables:	
Property tax:	
Delinquent	1,899
Succeeding year	6,683,000
Penalty and interest on property tax	1,892
Accounts	40,158
Accrued interest	4,494
Due from other governments	365,012
Inventories	427,410
Prepaid insurance	92,326
Capital assets (net of accumulated depreciation)	23,543,933
Total assets	<u>44,667,440</u>
Liabilities	
Accounts payable	318,046
Salaries and benefits payable	143,229
Due to other governments	499,136
Deferred revenue:	
Succeeding year property tax	6,683,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation local option sales tax bonds	330,000
Compensated absences	177,912
Portion due or payable after one year:	
General obligation local option sales tax bonds	6,305,000
General obligation refunding bonds	5,210,000
Compensated absences	43,800
Landfill postclosure care	375,000
Net OPEB liability	739,161
Total liabilities	<u>20,824,284</u>
Net Assets	
Invested in capital assets, net of related debt	16,908,933
Restricted for:	
Supplemental levy purposes	228,906
Mental health purposes	22,831
Rural services purposes	270,464
Secondary roads purposes	1,395,104
Debt service	64,661
Capital improvements	992,247
Conservation land acquisition	82,517
Other purposes	1,158,040
Unrestricted	2,719,453
Total net assets	<u>\$ 23,843,156</u>

See notes to financial statements.

Poweshiek County
 Statement of Activities
 Year ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,909,202	188,024	258,066	-	(2,463,112)
Physical health and social services	312,104	28,726	187,535	-	(95,843)
Mental health	2,703,078	-	1,588,969	-	(1,114,109)
County environment and education	571,445	56,531	62,254	18,564	(434,096)
Roads and transportation	5,408,432	60,666	2,874,567	16,410	(2,456,789)
Governmental services to residents	671,506	362,356	548	-	(308,602)
Administration	1,100,292	31,399	-	-	(1,068,893)
Non-program	491,757	368,009	-	-	(123,748)
Interest on long-term debt	356,852	-	8,060	-	(348,792)
Total	\$14,524,668	1,095,711	4,979,999	34,974	(8,413,984)
General Revenues:					
Property and other county tax levied for general purposes					6,482,091
Tax increment financing					87,818
Penalty and interest on property tax					51,305
State tax credits					179,852
Local option sales tax					834,594
Unrestricted investment earnings					11,108
Miscellaneous					230,264
Total general revenues					7,877,032
Change in net assets					(536,952)
Net assets beginning of year					24,380,108
Net assets end of year					\$ 23,843,156

See notes to financial statements.

Poweshiek County
Balance Sheet
Governmental Funds

June 30, 2012

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash, pooled investments and cash equivalents	\$ 2,276,769	607,137	307,151	1,197,120
U.S. Treasury securities on deposit with escrow agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	1,240	147	512	-
Succeeding year	3,718,000	440,000	2,525,000	-
Interest and penalty on property tax	1,892	-	-	-
Accounts	4,194	27,986	150	7,828
Accrued interest	4,480	-	-	-
Due from other governments	28,574	2,967	29,944	196,872
Inventories	-	-	-	427,410
Prepaid insurance	43,741	-	16,177	32,408
Total assets	\$ 6,078,890	1,078,237	2,878,934	1,861,638
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 52,760	55,841	8,426	80,670
Salaries and benefits payable	63,355	8,770	22,594	48,510
Due to other governments	3,259	495,776	-	101
Deferred revenue:				
Succeeding year property tax	3,718,000	440,000	2,525,000	-
Other	3,132	147	512	-
Total liabilities	<u>3,840,506</u>	<u>1,000,534</u>	<u>2,556,532</u>	<u>129,281</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	427,410
Prepaid insurance	43,741	-	16,177	32,408
Restricted for:				
Supplemental levy purposes	228,906	-	-	-
Mental health purposes	-	77,703	-	-
Rural services purposes	-	-	306,225	-
Secondary roads purposes	-	-	-	1,272,539
Conservation land acquisition	82,517	-	-	-
Postclosure care	-	-	-	-
Debt service	-	-	-	-
Capital improvements	-	-	-	-
Other purposes	6,576	-	-	-
Unassigned	1,876,644	-	-	-
Total fund balances	<u>2,238,384</u>	<u>77,703</u>	<u>322,402</u>	<u>1,732,357</u>
Total liabilities and fund balances	\$ 6,078,890	1,078,237	2,878,934	1,861,638

See notes to financial statements.

Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
126,934	26,878	13,891	2,399,513	6,955,393
-	5,120,836	-	-	5,120,836
-	-	-	-	1,899
-	-	-	-	6,683,000
-	-	-	-	1,892
-	-	-	-	40,158
1	12	-	1	4,494
-	-	-	106,655	365,012
-	-	-	-	427,410
-	-	-	-	92,326
126,935	5,147,726	13,891	2,506,169	19,692,420
-	-	175	1,174	199,046
-	-	-	-	143,229
-	-	-	-	499,136
-	-	-	-	6,683,000
-	-	-	-	3,791
-	-	175	1,174	7,528,202
-	-	-	-	427,410
-	-	-	-	92,326
-	-	-	-	228,906
-	-	-	-	77,703
-	-	-	-	306,225
-	-	-	-	1,272,539
-	-	-	-	82,517
-	-	-	1,364,729	1,364,729
126,935	5,147,726	-	-	5,274,661
-	-	13,716	978,531	992,247
-	-	-	161,735	168,311
-	-	-	-	1,876,644
126,935	5,147,726	13,716	2,504,995	12,164,218
126,935	5,147,726	13,891	2,506,169	19,692,420

Poweshiek County

Poweshiek County

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

June 30, 2012

Total governmental fund balances (page 19)	\$12,164,218
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
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 \$31,604,001 and the accumulated depreciation is \$8,060,068.	23,543,933
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	3,791
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	1,312,087
Long-term liabilities, including general obligation bonds payable, compensated absences payable, other postemployment benefits payable and landfill postclosure care payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(13,180,873)</u>
Net assets of governmental activities (page 16)	<u><u>\$23,843,156</u></u>

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2012

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,719,707	425,766	2,343,239	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	50,255	-	-	-
Intergovernmental	363,131	1,601,421	296,282	2,877,869
Licenses and permits	775	-	15,250	49,910
Charges for service	465,022	-	86,312	-
Use of money and property	111,531	-	-	267
Miscellaneous	58,078	6,991	7,330	61,388
Total revenues	4,768,499	2,034,178	2,748,413	2,989,434
Expenditures:				
Operating:				
Public safety and legal services	1,849,701	-	879,928	-
Physical health and social services	282,102	-	27,552	-
Mental health	-	2,681,005	-	-
County environment and education	347,228	-	62,276	-
Roads and transportation	-	-	-	4,891,508
Governmental services to residents	683,669	-	4,168	-
Administration	1,065,727	-	48,730	-
Non-program	245,247	-	-	-
Debt service	-	-	-	-
Capital projects	100,964	-	-	-
Total expenditures	4,574,638	2,681,005	1,022,654	4,891,508
Excess (deficiency) of revenues over (under) expenditures	193,861	(646,827)	1,725,759	(1,902,074)
Other financing sources (uses):				
Operating transfers in	5,654	-	50,000	1,797,528
Operating transfers out	(153,540)	-	(1,672,488)	-
General obligation bonds issued	-	-	-	-
Discount on general obligation bonds	-	-	-	-
Sale of capital assets	295	-	-	26,100
Total other financing sources (uses)	(147,591)	-	(1,622,488)	1,823,628
Change in fund balances	46,270	(646,827)	103,271	(78,446)
Fund balances beginning of year	2,192,114	724,530	219,131	1,810,803
Fund balances end of year	\$ 2,238,384	77,703	322,402	1,732,357

See notes to financial statements.

Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
87,818	-	-	-	6,576,530
-	-	-	834,594	834,594
-	-	-	-	50,255
-	-	-	39,958	5,178,661
-	-	-	-	65,935
-	-	-	4,075	555,409
26	8,060	-	10,014	129,898
-	-	-	85,564	219,351
87,844	8,060	-	974,205	13,610,633
-	-	-	28,776	2,758,405
-	-	-	-	309,654
-	-	-	-	2,681,005
83,560	-	-	11,285	504,349
-	-	-	-	4,891,508
-	-	-	268	688,105
-	-	-	-	1,114,457
-	-	-	-	245,247
-	637,777	-	-	637,777
-	-	675	47,460	149,099
83,560	637,777	675	87,789	13,979,606
4,284	(629,717)	(675)	886,416	(368,973)
-	605,600	-	28,500	2,487,282
-	(55,654)	-	(605,600)	(2,487,282)
-	5,210,000	-	-	5,210,000
-	(39,075)	-	-	(39,075)
-	-	-	-	26,395
-	5,720,871	-	(577,100)	5,197,320
4,284	5,091,154	(675)	309,316	4,828,347
122,651	56,572	14,391	2,195,679	7,335,871
126,935	5,147,726	13,716	2,504,995	12,164,218

Poweshiek County

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

Year ended June 30, 2012

Net change in fund balances - Total governmental funds (page 23) \$ 4,828,347

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. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 448,874	
Capital assets contributed by the Iowa Department of Transportation	16,410	
Depreciation expense	<u>(1,023,844)</u>	(558,560)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (37,163)

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	2,058	
Other	<u>(9,689)</u>	(7,631)

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

Issued	(5,210,000)	
Repaid	<u>320,000</u>	(4,890,000)

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	9,179	
Other postemployment benefits	<u>(236,046)</u>	(226,867)

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. 354,922

Change in net assets of governmental activities (page 17) \$ (536,952)

See notes to financial statements.

Poweshiek County
Statement of Net Assets
Proprietary Fund

June 30, 2012

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 1,431,087
Liabilities	
Accounts payable	<u>119,000</u>
Net Assets	
Unrestricted	<u><u>\$ 1,312,087</u></u>
See notes to financial statements.	

Exhibit H

Poweshiek County

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

Year ended June 30, 2012

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,251,565
Reimbursements from employees and others		205,496
Insurance reimbursements		<u>60,045</u>
Total operating revenues		1,517,106
Operating expenses:		
Medical claims	\$ 910,213	
Insurance premiums	210,443	
Administrative fees	53,399	
Miscellaneous	<u>2,112</u>	<u>1,176,167</u>
Operating income		340,939
Non-operating revenues:		
Interest income		<u>13,983</u>
Net income		354,922
Net assets beginning of year		<u>957,165</u>
Net assets end of year		<u><u>\$ 1,312,087</u></u>
See notes to financial statements.		

Poweshiek County
 Statement of Cash Flows
 Proprietary Fund
 Year ended June 30, 2012

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,251,565
Cash received from employees and others	265,541
Cash paid to suppliers for services	(1,170,167)
Net cash provided by operating activities	346,939
Cash flows from investing activities:	
Interest on investments	13,983
Net increase in cash and cash equivalents	360,922
Cash and cash equivalents beginning of year	1,070,165
Cash and cash equivalents end of year	\$ 1,431,087
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 340,939
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	6,000
Net cash provided by operating activities	\$ 346,939
See notes to financial statements.	

Poweshiek County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

Assets

Cash and pooled investments:

County Treasurer \$ 1,243,084
Other County officials 31,956

Receivables:

Property tax:

Delinquent 8,349
Succeeding year 23,830,000

Accounts 21,434

Accrued interest 1

Succeeding year special assessments 2,044

Due from other governments 9,952

Total assets 25,146,820

Liabilities

Accounts payable 5,682

Salaries and benefits payable 11,158

Due to other governments 25,073,820

Trusts payable 36,982

Compensated absences 19,178

Total liabilities 25,146,820

Net assets \$ -

See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

Poweshiek County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

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

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

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation consist of \$1,364,729 for landfill postclosure care.

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues 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 the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable

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-restrictive classifications – committed, assigned and then unassigned fund balances.

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

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

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Secondary Roads and Rural Services 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.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Pooled Investments and Cash Equivalents

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$5,710,651 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. Also, at June 30, 2012, an escrow agent held U.S. Treasury notes for the County with a carrying amount and fair value of \$5,120,836 which mature December 1, 2012 through June 1, 2017.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Debt Service	\$ 5,654
Special Revenue:		
Rural Services	Debt Service	50,000
Secondary Roads	General	153,540
	Special Revenue:	
	Rural Services	1,643,988
Sanitary Disposal	Special Revenue:	
	Rural Services	28,500
Debt Service	Special Revenue:	
	Local Option Sales Tax	605,600
Total		<u>\$ 2,487,282</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,610,091	64,600	-	1,674,691
Construction in progress	5,193,128	78,792	5,083,487	188,433
Total capital assets not being depreciated	6,803,219	143,392	5,083,487	1,863,124
Capital assets being depreciated:				
Buildings	9,558,910	64,612	-	9,623,522
Equipment and vehicles	6,099,080	260,530	167,970	6,191,640
Infrastructure	8,842,228	5,083,487	-	13,925,715
Total capital assets being depreciated	24,500,218	5,408,629	167,970	29,740,877
Less accumulated depreciation for:				
Buildings	1,278,580	205,752	-	1,484,332
Equipment and vehicles	4,541,582	318,146	127,557	4,732,171
Infrastructure	1,343,619	499,946	-	1,843,565
Total accumulated depreciation	7,163,781	1,023,844	127,557	8,060,068
Total capital assets being depreciated, net	17,336,437	4,384,785	40,413	21,680,809
Governmental activities capital assets, net	\$24,139,656	4,528,177	5,123,900	23,543,933

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 225,352
Physical health and social services	1,971
Mental health	16,882
County environment and education	44,894
Roads and transportation	707,442
Administration	27,303
Total depreciation expense - governmental activities	<u>\$1,023,844</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2012 is as follows:

Fund	Description	Amount
General	Services	\$ 3,259
Special Revenue:		
Mental Health	Services	495,776
Secondary Roads	Services	101
Total for governmental funds		<u>\$ 499,136</u>
Agency:		
County Assessor	Collections	\$ 638,725
Schools		13,923,569
Community Colleges		1,785,094
Corporations		7,438,432
Auto License and Use Tax		438,915
All other		849,085
Total for agency funds		<u>\$ 25,073,820</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	General Obligation Local Option Sales Tax Bonds	General Obligation Refunding Bonds	Compensated Absences	Estimated Liability for Landfill Postclosure Care	Net OPEB Liability	Total
Balance beginning of year	\$ 6,955,000	-	230,891	375,000	503,115	8,064,006
Increases	-	5,210,000	484,883	-	407,841	6,102,724
Decreases	320,000	-	494,062	-	171,795	985,857
Balance end of year	<u>\$ 6,635,000</u>	<u>5,210,000</u>	<u>221,712</u>	<u>375,000</u>	<u>739,161</u>	<u>13,180,873</u>
Due within one year	<u>\$ 330,000</u>	<u>-</u>	<u>177,912</u>	<u>-</u>	<u>-</u>	<u>507,912</u>

A summary of the County's general obligation bonded indebtedness is as follows:

Year Ending June 30,	Local Option Sales Tax		Refunding		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 330,000	273,308	-	113,421	330,000	386,729	716,729
2014	345,000	260,603	-	96,757	345,000	357,360	702,360
2015	360,000	247,320	-	96,757	360,000	344,077	704,077
2016	370,000	233,280	-	96,757	370,000	330,037	700,037
2017	385,000	218,850	-	96,757	385,000	315,607	700,607
2018-2022	2,175,000	849,913	2,600,000	419,752	4,775,000	1,269,665	6,044,665
2023-2027	2,670,000	357,117	2,610,000	172,133	5,280,000	529,250	5,809,250
Total	<u>\$ 6,635,000</u>	<u>2,440,391</u>	<u>5,210,000</u>	<u>1,092,334</u>	<u>11,845,000</u>	<u>3,532,725</u>	<u>15,377,725</u>

General Obligation Local Option Sales Tax Bonds

The County has pledged future local option sales tax receipts to repay \$7,950,000 of general obligation local option sales tax bonds issued in October 2008. Proceeds from the bonds provided financing for construction of the Public Safety building. The bonds are payable through 2027 from local option sales tax receipts and, if those receipts are insufficient at March 15 for payment of principal and interest on the bonds, property tax will be levied for the next fiscal year. Annual principal and interest payments on the bonds during the current year required 73% of net receipts. The total principal and interest remaining to be paid on the bonds is \$9,075,391. For the current year, principal and interest paid and total local option sales tax receipts were \$605,628 and \$834,594, respectively.

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

- (a) The bonds will be redeemed from the future local option sales tax receipts and, as needed in order to supplement the local option sales tax receipts, an annual property tax levy.
- (b) The local option sales tax receipts shall be deposited in a Local Option Sales Tax Revenue Fund (Revenue Fund), which shall be used and disbursed to pay the principal and interest on the bonds.
- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. No later than March 15 of each year, the Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, a property tax will be levied for the next fiscal year.

During the year ended June 30, 2012, the County retired \$320,000 of general obligation local option sales tax bonds.

General Obligation Refunding Bonds

On March 29, 2012, the County issued \$5,210,000 of general obligation refunding bonds for the crossover advance refunding of \$4,845,000 of general obligation bonds dated October 15, 2008. The bonds will be called on June 1, 2018.

For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. These securities, along with additional cash, were placed with an escrow agent to pay the principal and interest on the refunding general obligation bonds (new debt) until the crossover refunding date. On the crossover date of June 1, 2018, the refunded general obligation bonds (old debt) will be paid using the amounts held by the escrow agent. From that point forward, the local option sales tax revenues will be used to pay the general obligation refunding bonds (new debt). The transactions and balances of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

The refunding was undertaken to reduce total debt service payments over the next 10 years by \$275,992 and resulted in an economic gain of \$215,259.

(7) Operating Leases

The County has leased a copier. The future minimum rental payments for the lease are as follows:

Year Ending June 30,	Amount
2013	\$ 3,576
2014	3,576
2015	3,576
2016	1,788
Total	\$ 12,516

Rental expense for the year ended June 30, 2012 for the operating lease totaled \$3,576.

(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 5.38% of their annual covered salary and the County is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$330,924, \$274,901 and \$261,537, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical, dental and vision benefits for employees, retirees and their spouses. There are 86 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 51 with 22 years of service or elected officials who must be age 57 with 8 years of service.

The health coverage, which is a self-funded health plan, is administered by Auxiant. Retirees under age 65 pay the same premium for the medical, dental and vision benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The County also offers an early retirement program to employees who were employed by the County as of December 31, 2009, which results in an explicit subsidy and an OPEB liability.

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 407,710
Interest on net OPEB obligation	20,125
Adjustment to annual required contribution	<u>(19,994)</u>
Annual OPEB cost	407,841
Contributions made	<u>(171,795)</u>
Increase in net OPEB obligation	236,046
Net OPEB obligation beginning of year	<u>503,115</u>
Net OPEB obligation end of year	<u>\$ 739,161</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, 2012.

For the year ended June 30, 2012, the County contributed \$171,795 to the health plan.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 306,067	44.5%	\$ 386,690
2011	306,371	62.0	503,115
2012	407,841	42.1	739,161

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$3,639,261 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,639,261. The covered payroll (annual payroll of active employees covered by the plan) was \$3,587,093 and the ratio of the UAAL to covered payroll was 101.5%. As of June 30, 2012, 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 for the Retiree Health Plan, 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, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

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

(10) Risk Management

The County is a member 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 663 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% 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, 2012 were \$184,652.

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, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, 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, boiler and machinery and employee blanket bond in the amount of \$1,000,000, \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators, Inc. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. 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 First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2012 was \$1,251,565.

Amounts payable from the Employee Group Health Fund at June 30, 2012 total \$119,000, 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 \$1,312,087 at June 30, 2012 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	\$ 113,000
Incurred claims (including claims incurred but not reported at June 30, 2012)	(904,213)
Payment on claims during the fiscal year	<u>910,213</u>
Unpaid claims end of year	<u>\$ 119,000</u>

(12) Postclosure Care

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$375,000 as of June 30, 2012 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2012, deposits of \$1,364,729 designated for these purposes are reported in the Special Revenue, Sanitary Disposal Fund.

(13) Development Agreements

On July 8, 2002, the County entered into a development agreement to assist in an urban renewal project. The County agreed to rebate 100% of the incremental property tax paid by the developer in exchange for the construction of a corn processing 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 in twenty semi-annual payments beginning on December 1, 2003. The total to be paid by the County under this agreement is not to exceed \$2,509,260. During the year ended June 30, 2012, \$34,226 was rebated to the developer, bringing the cumulative total to \$2,543,486.

On October 15, 2009, a public hearing was held to amend the development agreement. The amendment accommodated a new urban renewal project and extended the agreement until December 31, 2015. All other provisions of the agreement remain unchanged.

On October 15, 2009, the County entered into a development agreement to assist in an urban renewal project. The County agreed to rebate incremental property tax paid by the developer in exchange for expansion of the developer's corn seed production and construction of a new foundation plant. 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 in three annual payments of 75% of the incremental property tax received in fiscal year 2011, 50% of the incremental property tax received in fiscal year 2012 and 25% of the incremental property tax received in fiscal year 2013. During the year ended June 30, 2012, \$49,334 was rebated to the developer.

Required Supplementary Information

Poweshiek County

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

Required Supplementary Information

Year ended June 30, 2012

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 7,465,473	7,335,563	7,335,563	129,910
Penalty and interest on property tax	54,313	60,341	60,341	(6,028)
Intergovernmental	5,227,514	4,554,493	5,169,954	57,560
Licenses and permits	67,010	15,620	15,620	51,390
Charges for service	567,747	429,170	429,170	138,577
Use of money and property	221,142	83,358	183,358	37,784
Miscellaneous	99,587	336,479	337,833	(238,246)
Total receipts	<u>13,702,786</u>	<u>12,815,024</u>	<u>13,531,839</u>	<u>170,947</u>
Disbursements:				
Public safety and legal services	2,750,189	2,826,125	2,866,157	115,968
Physical health and social services	332,670	406,876	472,095	139,425
Mental health	2,259,553	1,750,862	2,308,362	48,809
County environment and education	515,771	570,456	570,456	54,685
Roads and transportation	4,919,825	5,186,153	5,186,153	266,328
Governmental services to residents	686,318	758,041	756,289	69,971
Administration	1,117,130	1,198,050	1,317,450	200,320
Non-program	244,179	162,493	352,588	108,409
Debt service	605,628	605,628	605,628	-
Capital projects	148,923	760,500	795,500	646,577
Total disbursements	<u>13,580,186</u>	<u>14,225,184</u>	<u>15,230,678</u>	<u>1,650,492</u>
Excess (deficiency) of receipts over (under) disbursements	122,600	(1,410,160)	(1,698,839)	1,821,439
Other financing sources, net	5,147,231	-	-	5,147,231
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,269,831	(1,410,160)	(1,698,839)	6,968,670
Balance beginning of year	6,806,398	5,475,266	5,475,266	1,331,132
Balance end of year	<u>\$ 12,076,229</u>	<u>4,065,106</u>	<u>3,776,427</u>	<u>8,299,802</u>

See accompanying independent auditor's report.

Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 13,702,786	(92,153)	13,610,633
Expenditures	13,580,186	399,420	13,979,606
Net	122,600	(491,573)	(368,973)
Other financing sources, net	5,147,231	50,089	5,197,320
Beginning fund balances	6,806,398	529,473	7,335,871
Ending fund balances	\$ 12,076,229	87,989	12,164,218

See accompanying independent auditor's report.

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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

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

Formal and legal budgetary control is based upon 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, two budget amendments increased budgeted disbursements by \$1,005,494. 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, 2012, disbursements did not exceed the amounts budgeted.

Poweshiek County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2008	-	\$ 2,995	2,995	0.00%	\$ 3,600	83.2%
2011	Jul 1, 2008	-	2,995	2,995	0.00	3,520	85.1
2012	Jul 1, 2011	-	3,639	3,639	0.00	3,587	101.5

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

Poweshiek County

Supplementary Information

Poweshiek County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2012

	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Assets			
Cash and pooled investments	\$ 69,657	22,706	-
Accrued interest receivable	1	-	-
Due from other governments	-	-	-
Total assets	\$ 69,658	22,706	-
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Fund balances:			
Restricted for:			
Postclosure care	-	-	-
Capital improvements	-	-	-
Other purposes	69,658	22,706	-
Total fund balances	69,658	22,706	-
Total liabilities and fund balances	\$ 69,658	22,706	-

See accompanying independent auditor's report.

Special Revenue							
County Conservation Bequest	County Conservation Easement	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax		Total
10,808	10,000	5,761	42,802	1,365,840	871,939		2,399,513
-	-	-	-	-	-		1
-	-	-	-	63	106,592		106,655
10,808	10,000	5,761	42,802	1,365,903	978,531		2,506,169
-	-	-	-	1,174	-		1,174
-	-	-	-	1,364,729	-		1,364,729
-	-	-	-	-	978,531		978,531
10,808	10,000	5,761	42,802	-	-		161,735
10,808	10,000	5,761	42,802	1,364,729	978,531		2,504,995
10,808	10,000	5,761	42,802	1,365,903	978,531		2,506,169

Poweshiek County

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

Year ended June 30, 2012

	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Local option sales tax	\$ -	-	-
Intergovernmental	12,150	-	-
Charges for service	-	4,075	-
Use of money and property	9	3	-
Miscellaneous	44,600	-	-
Total revenues	56,759	4,078	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	-
Governmental services to residents	-	-	268
Capital projects	44,600	-	-
Total expenditures	44,600	-	268
Excess (deficiency) of revenues over (under) expenditures	12,159	4,078	(268)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	12,159	4,078	(268)
Fund balances beginning of year	57,499	18,628	268
Fund balances end of year	\$ 69,658	22,706	-

See accompanying independent auditor's report.

Special Revenue							
County Conservation Bequest	County Conservation Easement	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax		Total
-	-	-	-	-	834,594		834,594
-	-	-	-	27,808	-		39,958
-	-	-	-	-	-		4,075
2	10,000	-	-	-	-		10,014
-	-	20,487	20,477	-	-		85,564
2	10,000	20,487	20,477	27,808	834,594		974,205
-	-	28,776	-	-	-		28,776
-	-	-	-	11,285	-		11,285
-	-	-	-	-	-		268
2,860	-	-	-	-	-		47,460
2,860	-	28,776	-	11,285	-		87,789
(2,858)	10,000	(8,289)	20,477	16,523	834,594		886,416
-	-	-	-	28,500	-		28,500
-	-	-	-	-	(605,600)		(605,600)
-	-	-	-	28,500	(605,600)		(577,100)
(2,858)	10,000	(8,289)	20,477	45,023	228,994		309,316
13,666	-	14,050	22,325	1,319,706	749,537		2,195,679
10,808	10,000	5,761	42,802	1,364,729	978,531		2,504,995

Poweshiek County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	286	1,924	302,339	146,114
Other County officials	31,956	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	61	122	4,455
Succeeding year	-	-	183,000	366,000	13,773,000
Accounts	-	-	-	75	-
Accrued interest	-	-	-	-	-
Succeeding year special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 31,956	286	184,985	668,536	13,923,569
Liabilities					
Accounts payable	\$ -	-	-	1,898	-
Salaries and benefits payable	-	-	-	9,487	-
Due to other governments	18,105	286	184,985	638,725	13,923,569
Trusts payable	13,851	-	-	-	-
Compensated absences	-	-	-	18,426	-
Total liabilities	\$ 31,956	286	184,985	668,536	13,923,569

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	E-911 Service	Other	Total
18,470	71,373	693	438,915	149,514	113,456	1,243,084
-	-	-	-	-	-	31,956
624	3,059	8	-	-	20	8,349
1,766,000	7,364,000	185,000	-	-	193,000	23,830,000
-	-	-	-	21,359	-	21,434
-	-	-	-	1	-	1
-	-	-	-	-	2,044	2,044
-	-	-	-	9,952	-	9,952
<u>1,785,094</u>	<u>7,438,432</u>	<u>185,701</u>	<u>438,915</u>	<u>180,826</u>	<u>308,520</u>	<u>25,146,820</u>
-	-	-	-	3,315	469	5,682
-	-	-	-	-	1,671	11,158
1,785,094	7,438,432	185,701	438,915	177,511	282,497	25,073,820
-	-	-	-	-	23,131	36,982
-	-	-	-	-	752	19,178
<u>1,785,094</u>	<u>7,438,432</u>	<u>185,701</u>	<u>438,915</u>	<u>180,826</u>	<u>308,520</u>	<u>25,146,820</u>

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2012

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities					
Balances beginning of year	\$ 21,537	-	175,120	600,374	13,461,583
Additions:					
Property and other county tax	-	35,787	180,447	448,174	13,531,101
E911 surcharge	-	-	-	-	-
State tax credits	-	579	4,792	9,619	366,817
Drivers license fees	-	-	-	-	-
Office fees and collections	444,879	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	419,923	-	-	-	-
Miscellaneous	-	-	-	15,320	-
Total additions	864,802	36,366	185,239	473,113	13,897,918
Deductions:					
Agency remittances:					
To other funds	268,807	-	-	-	-
To other governments	167,613	36,080	175,374	404,951	13,435,932
Trusts paid out	417,963	-	-	-	-
Total deductions	854,383	36,080	175,374	404,951	13,435,932
Balances end of year	\$ 31,956	286	184,985	668,536	13,923,569

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E-911 Service	Other	Total
1,754,444	7,041,485	103,593	475,266	175,039	304,554	24,112,995
1,738,276	7,088,515	148,635	-	-	195,198	23,366,133
-	-	-	-	129,923	-	129,923
46,859	174,066	2,044	-	-	84	604,860
-	-	-	207,218	-	-	207,218
-	-	-	-	-	4,728	449,607
-	-	-	5,712,110	-	-	5,712,110
-	-	-	-	-	10,352	10,352
-	-	-	-	-	196,868	616,791
-	-	-	-	1,319	132,504	149,143
1,785,135	7,262,581	150,679	5,919,328	131,242	539,734	31,246,137
-	-	-	207,218	-	-	476,025
1,754,485	6,865,634	68,571	5,748,461	125,455	535,768	29,318,324
-	-	-	-	-	-	417,963
1,754,485	6,865,634	68,571	5,955,679	125,455	535,768	30,212,312
1,785,094	7,438,432	185,701	438,915	180,826	308,520	25,146,820

Poweshiek County

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

For the Last Ten Years

	2012	2011	2010	2009
Revenues:				
Property and other county tax	\$ 6,576,530	6,347,814	6,282,585	5,669,326
Local option sales tax	834,594	761,864	755,322	802,996
Penalty and interest on property tax	50,255	52,609	57,061	60,255
Intergovernmental	5,178,661	4,581,922	5,011,819	5,227,309
Licenses and permits	65,935	52,445	46,620	65,864
Charges for service	555,409	529,839	467,767	500,071
Use of money and property	129,898	109,600	151,385	311,329
Fines, forfeitures and defaults	-	14,444	4,316	28,579
Miscellaneous	219,351	119,891	169,565	55,049
Total	\$ 13,610,633	12,570,428	12,946,440	12,720,778
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,758,405	2,473,294	2,414,629	2,157,066
Physical health and social services	309,654	445,992	312,200	402,357
Mental health	2,681,005	1,382,606	1,509,920	1,664,633
County environment and education	504,349	1,056,252	849,287	815,862
Roads and transportation	4,891,508	4,616,467	4,014,935	4,253,034
Governmental services to residents	688,105	669,096	655,085	653,587
Administration	1,114,457	1,018,516	1,083,437	944,104
Non-program	245,247	163,589	304,698	281,254
Debt service	637,777	607,563	603,920	706,663
Capital projects	149,099	308,256	4,376,337	4,146,233
Total	\$ 13,979,606	12,741,631	16,124,448	16,024,793

See accompanying independent auditor's report.

Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
5,492,645	4,933,991	4,650,738	4,651,096	4,578,672	3,908,321
-	-	-	-	-	-
52,631	40,051	40,140	39,701	48,489	44,116
4,509,555	4,665,290	4,791,515	3,808,111	4,299,715	3,872,610
58,143	52,630	62,216	49,213	62,408	48,469
497,291	488,223	500,260	494,394	1,340,996	1,063,772
371,327	441,126	369,980	191,375	81,265	117,772
203,309	-	8,693	5,058	48,279	-
62,291	115,596	116,206	82,234	60,738	76,899
11,247,192	10,736,907	10,539,748	9,321,182	10,520,562	9,131,959
2,264,699	1,935,169	1,791,672	1,542,220	1,313,854	1,386,366
479,545	398,508	334,567	357,886	339,050	316,497
1,598,022	1,504,319	1,528,126	1,521,306	1,388,723	1,469,530
681,074	584,009	601,071	716,213	1,337,631	979,027
4,216,740	4,203,984	3,971,113	3,627,542	2,424,210	3,053,470
621,374	558,600	769,704	436,872	390,692	345,860
932,065	1,076,972	1,004,043	1,125,483	837,374	752,288
210,928	190,702	134,434	104,066	114,127	118,863
228,624	175,144	178,253	43,234	95,482	97,733
746,816	280,321	209,126	270,058	715,414	30,517
11,979,887	10,907,728	10,522,109	9,744,880	8,956,557	8,550,151

Poweshiek County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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

To the Officials of Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 21, 2013. 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

The management of Poweshiek County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Poweshiek County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Poweshiek County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Poweshiek County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) and (D) to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Poweshiek County and other parties to whom Poweshiek County may report and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Poweshiek County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 21, 2013

Poweshiek County

Schedule of Findings

Year ended June 30, 2012

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – During our review of internal control, the existing activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

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

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

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

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

Responses –

Sheriff's Office – We have tried to address this issue. Currently we have someone who picks up the mail. The receptionist opens the mail and then prepares a report of cash and checks received. It is prepared by the receptionist and then reviewed by the Office Deputy who prepares and makes the deposit.

Recorder's Office – I will do what I can with a limited staff. The person opening the mail will list all checks. Checks and cash received over the counter will be accounted for by the person who waits on the customer. With a limited staff it is not possible for an individual, who does not handle cash or checks, to do the bank reconciliation.

Poweshiek County

Schedule of Findings

Year ended June 30, 2012

Engineer's Office – We will attempt to implement a system which will respond to the segregation of duties concern in a meaningful way. We will try to have the mail opened by somebody other than Laura. It is unclear at this point if this will be feasible on an ongoing basis due to the small size of the office, but we will try.

Central Point Coordinator's (CPC) Office – There are limited office personnel in CPC office. Most of office revenues are set up to be direct deposited to the Treasurer's office. We may receive small payments in which office administration receipts in, copy it, and then CPC signs off on each receipt before being deposited with Treasurer. The office manager verifies the Treasurer's receipt balances to book and then initials receipt.

Conservation Office – Although the Conservation department has a very small staff consisting of three full time employees, our department will try to utilize the current personnel to provide additional control of funds received by our office. When receiving checks in the mail or by hand, the staff will record the check, and another staff member will sign a form acknowledging the acceptance of the check before taking the check to the Treasurer's Office for deposit. The second staff person will now compare the amount deposited with the amount received, and initial the deposit receipt provided by the Treasurer's Office.

Sanitarian's Office – The Board of Supervisors are in the process of drawing up a new job description due to the resignation of the County Sanitarian/Zoning Director. The Board will consider segregation of duties in the process of hiring and setting up the office for a new employee.

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

- (B) Capital Assets – A physical observation of capital assets was not performed during the year ended June 30, 2012 in accordance with the County's policy.

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

Response – A Poweshiek County employee having no responsibility for the assets will inspect the capital assets

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2012

- (C) Computer Systems – The County adopted a written disaster recovery plan in February 2011. However, the following key items are not included in the plan: critical applications, staff responsibilities, steps for system recovery and an inventory of hardware and software components. In addition, a copy of the plan, user documentation, policies and procedures manual and extra paper supplies are not required to be kept off site, a copy of the plan has not been provided to all appropriate personnel and the plan has not been tested.

Recommendation – A written disaster recovery plan which includes all of the identified elements should be developed. The plan should be provided to all appropriate personnel and should be periodically tested.

Response – The County has contacted the Emergency Director, and will revise the disaster recovery plan to include critical applications, staff responsibilities, steps for system recovery and an inventory of hardware and software components. We will also provide a copy of the plan to personnel and keep a copy off-site.

Conclusion – Response accepted.

- (D) County Sheriff K-9 and Commissary Accounts - Bank accounts for the K-9 and commissary accounts are not reconciled monthly.

Recommendation - Bank accounts should be reconciled promptly at the end of the month and the reconciliations should be reviewed by an independent person with no responsibility for receipts and disbursements. The reviews should be documented by the initials or signature of the reviewer and the date of the review.

Response – K-9 and Commissary accounts will be reconciled promptly at the end of the month and reviewed by an independent person.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2012

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Jeff Morrison, Deputy Sheriff, Father is owner of Morrison Enterprise, Inc.	Car repair and maintenance	\$3,323

In accordance with Chapter 331.342 of the Code of Iowa, these transactions may represent a conflict of interest since the total amount exceeded \$1,500 during the fiscal year.

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

Response – The Sheriff will be contacted regarding this comment and the Board of Supervisors will contact the County Attorney.

Conclusion – Response accepted.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) E-911 Claims – Chapter 34A.7(4) of the Code of Iowa states, in part, "Moneys in an E911 service fund may only be used for nonrecurring and recurring costs of the E911 service plan as approved by the program manager." Further, Chapter 34A.2(7)(e)(2) of the Code of Iowa states, in part, "Costs do not include expenditures for any other purpose, and specifically exclude costs attributable to

Poweshiek County

Schedule of Findings

Year ended June 30, 2012

other emergency services or expenditures for buildings or personnel, except for the costs of personnel for database management and personnel directly associated with addressing.”

The E-911 coordinator submitted a monthly claim for \$2,156 to the Board of Supervisors. The claim includes the number of hours worked and a list of tasks completed. However, the claim lacks detail of the specific hours worked on a specific day of the week and the tasks performed each day. The signed letter of understanding between the Coordinator and the E-911 Board does not include expectations for the number of hours to be worked or any documentation of the work to be done to permit the E-911 Board to manage the arrangement. Accordingly, it cannot be determined whether the services provided are allowable under the statutory language cited above.

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

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

Response – The Supervisors will contact the E911 Board regarding compliance.

Conclusion – Response accepted.

- (10) County Sheriff K-9 and Commissary Accounts - Separate bank accounts are maintained for collections and expenditures of the K-9 Program and commissary account. As provided in Chapter 331.902 of the Code of Iowa, “Unless otherwise specifically provided by statute, the fees and charges collected by the auditor, treasurer, recorder, and sheriff, and their deputies or employees, belong to the county.” The K-9 Program and commissary account profits and expenditures were not reflected in the County’s accounting system and have not been included in the County’s annual budget or financial report.

Items, such as supplies and equipment for the jail, were purchased out of the commissary account without being included in the County budget, appropriation and disbursement process required by Chapter 331.506 of the Code of Iowa and were not filed and properly audited by the Board of Supervisors before payment in accordance with Chapter 331.504(7) and (8) of the Code of Iowa.

Recommendation - The Board of Supervisors should establish a maximum balance which should be kept in the commissary account to purchase resale items. All collections for the K-9 Program and commissary account profits should be remitted to the County Treasurer and all expenditures should be reflected in the County's accounting system, annual budget and financial report. Expenditures from the commissary account should only be used to replenish appropriate commissary items which are purchased by prisoners.

Poweshiek County

Schedule of Findings

Year ended June 30, 2012

Response – The Poweshiek County K-9 was incorporated and filed on September 20, 2001 and authorized to transact business as a corporation under the provisions of Iowa Code Chapter 504A and conducts its lawful business under the articles of incorporation which were developed and filed with the secretary of state on September 20, 2001.

The current Jail Administrator and Sheriff will work with the Board of Supervisors to implement procedures to run the commissary account through the County Treasurer and the County's accounting system.

Conclusion – Response acknowledged. Activity of the K-9 Program should be reflected in the County's accounting system, annual budget and financial report as a blended Special Revenue Fund of the County.

- (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, 2012 for the County Extension Office did not exceed the amount budgeted.

- (12) Lease Approval – The Central Point Coordinator's (CPC) Office entered into a copier lease without approval by the Board of Supervisors.

Recommendation – All leases should be approved by the Board of Supervisors.

Response – All future leases will be approved by the Board of Supervisors.

Conclusion – Response accepted.

- (13) Tax Increment Financing (TIF) – At June 30, 2012, the County had certified and collected excess TIF funds. Effective July 1, 2012, House File 2460 requires any balance remaining in a TIF Fund created under section 403.19 of the Code of Iowa to be transferred to the County Treasurer to be apportioned to the funds of the respective taxing districts..

Recommendation – The County should consult TIF legal counsel to determine the disposition of the County's TIF certifications and the amount of the TIF debt to be transferred to the County Treasurer to be apportioned to the funds of the respective taxing districts.

Response – Poweshiek County will seek legal counsel and will reapportion the funds to the proper taxing districts.

Conclusion – Response accepted.

Poweshiek County

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Jennifer L. Wall, CPA, Senior Auditor II
Tracey L. Gerrish, Staff Auditor
Kirstie R. Hill, Assistant Auditor

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