



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE

March 28, 2013

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$10,996,382 for the year ended June 30, 2012, which included \$426,954 in tax credits from the state. The County forwarded \$8,343,861 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,652,521 of the local tax revenue to finance County operations, a 6% decrease from the prior year. Other revenues included charges for service of \$438,229, operating grants, contributions and restricted interest of \$2,433,984, capital grants, contributions and restricted interest of \$447,905, local option sales tax of \$292,918, unrestricted investment earnings of \$9,686 and other general revenues of \$18,391.

Expenses for County operations totaled \$6,056,054, an 18.2% increase from the prior year. Expenses included \$3,169,920 for roads and transportation, \$805,189 for mental health and \$674,912 for administration. The increase in expenses is due primarily to an increase in roads and transportation expenses.

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/1210-0047-B00F.pdf>.

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

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Ida County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joseph L. Cronin	Board of Supervisors	Jan 2013
Robert C. Paulsrud	Board of Supervisors	Jan 2013
Allen Hilker	Board of Supervisors	Jan 2015
Lorna Steenbock	County Auditor	Jan 2013
Kay Cork	County Treasurer	Jan 2015
Julie Phillips	County Recorder	Jan 2015
Wade Harriman	County Sheriff	Jan 2013
Kristal Phillips	County Attorney	(Resigned July 2012)
Meghann Cosgrove-Whitmer (Elected Nov 2012)	County Attorney	Jan 2015
Marva Bennigsdorf	County Assessor	Jan 2016

Ida County



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Independent Auditor's Report

To the Officials of Ida County:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Ida County at June 30, 2012, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

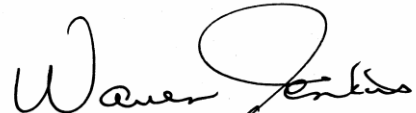
In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2013 on our consideration of Ida County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 Ida County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 28, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ida 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

- The County's governmental activities revenues decreased 17.5%, or approximately \$1,338,000, from fiscal year 2011 to fiscal year 2012. Capital grants, contributions and restricted interest decreased approximately \$1,019,000 in fiscal year 2012 due to less farm-to-market projects being contributed to the County by the Iowa Department of Transportation. Property tax decreased approximately \$153,000 from fiscal year 2011 and the gain on disposition of capital assets decreased approximately \$125,000.
- The County's governmental activities expenses increased approximately \$931,000, or 18.2%, in fiscal year 2012 from fiscal year 2011. Roads and transportation expenses increased approximately \$752,000.
- The County's net assets increased 1.6%, or approximately \$238,000, 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 Ida 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 Ida 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 Ida 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 and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for E911 surcharge, 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. Ida County's net assets increased from \$14,456,062 to \$14,693,642. The analysis that follows focuses on the changes in the net assets of governmental activities.

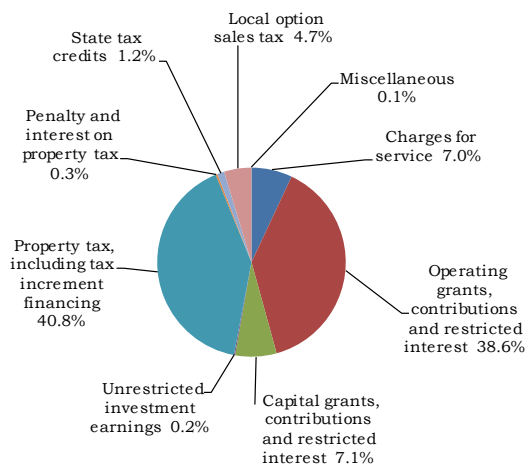
Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2012	2011
Current and other assets	\$ 7,452	6,975
Capital assets	10,838	10,896
Total assets	18,290	17,871
Long-term liabilities	442	430
Other liabilities	3,155	2,985
Total liabilities	3,597	3,415
Net assets:		
Invested in capital assets	10,838	10,896
Restricted	3,034	3,051
Unrestricted	822	509
Total net assets	\$ 14,694	14,456

Net assets of Ida County's governmental activities increased 1.6% (\$14,456,062 compared to \$14,693,642). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$509,000 at June 30, 2011 to approximately \$822,000 at June 30, 2012, an increase of 61.5%.

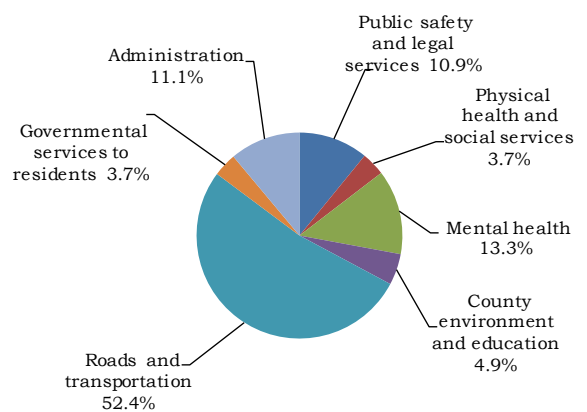
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2012	2011
Revenues:		
Program revenues:		
Charges for service	\$ 438	481
Operating grants, contributions and restricted interest	2,434	2,437
Capital grants, contributions and restricted interest	448	1,467
General revenues:		
Property tax, including tax increment financing	2,577	2,730
Penalty and interest on property tax	16	17
State tax credits	76	88
Local option sales tax	293	277
Unrestricted investment earnings	10	10
Miscellaneous	2	-
Gain on disposition of capital assets	-	125
Total revenues	6,294	7,632
Program expenses:		
Public safety and legal services	659	605
Physical health and social services	227	260
Mental health	805	693
County environment and education	297	263
Roads and transportation	3,170	2,418
Governmental services to residents	223	231
Administration	675	655
Total expenses	6,056	5,125
Increase in net assets	238	2,507
Net assets beginning of year	14,456	11,949
Net assets end of year	\$ 14,694	14,456

Revenues by Source



Expenses by Program



The County decreased property tax rates for fiscal year 2012 an average of 11.3% due, in part, to a decrease in the rural services basic levy rate to \$1.52000 per \$1,000 of taxable valuation from \$2.05000 per \$1,000 of taxable valuation. Taxable valuations decreased approximately 5% for county wide levies. As a result, property and other county tax revenue decreased approximately \$153,000 in fiscal year 2012.

INDIVIDUAL MAJOR FUND ANALYSIS

As Ida County completed the year, its governmental funds reported a combined fund balance of \$3,883,109, an increase of \$336,403 from last year's total of \$3,546,706. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$70,341, or 3.1%, from the prior year. General Fund expenditures remained consistent when compared to the prior year. The ending fund balance increased \$334,212 from the prior year to \$965,369.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, Special Revenue, Mental Health Fund expenditures totaled \$805,189, an increase of 16.2% from the prior year. The revenues totaled \$556,742, a decrease of 7.6%, or \$45,534, from the previous fiscal year due to a decrease in property tax. The Special Revenue, Mental Health Fund balance at year end decreased \$248,447 from the prior year to \$112,287.
- Special Revenue, Rural Services Fund revenues decreased \$122,816, due primarily to a decrease in property tax. Total expenditures remained consistent when compared to the prior year. The ending fund balance increased \$41,433 from the prior year to \$754,516.
- Special Revenue, Secondary Roads Fund revenues decreased \$63,399, or 3.0%, from the prior year. Total expenditures increased \$126,623 from the prior year, primarily due to an increase in road maintenance projects, including concrete patching on County highways. The Secondary Roads Fund ending balance increased \$242,630 from the prior year to \$1,567,731.
- The Special Revenue, Arthur Ethanol Donation Fund accounts for payments from Platinum Ethanol, LLC as a result of a private development agreement. The annual contribution of \$25,000 was received February 8, 2012.

BUDGETARY HIGHLIGHTS

Ida County did not amend its budget during fiscal year 2012.

The County's receipts were \$124,188 more than budgeted, a variance of 2.2%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated due to an increase in road use tax receipts.

Total disbursements were \$617,459 less than budgeted. Actual disbursements for the roads and transportation, county environment and education and physical health and social services functions were \$243,592, \$87,952 and \$78,085, respectively, less than budgeted. The roads and transportation function had more budgeted for snow and ice removal than was needed due to a mild winter and less new equipment purchased. In the county environment and education function, the budgeted landfill postclosure disbursements were lower than projected and the Weed, REAP and conservation budgets were not fully expended. In the physical health and social services function, the Bio-Grant reimbursement to Horn Public Health was less than budgeted and Youth Guidance and Family Protective Services expenses were significantly less than budgeted.

The County did not exceed the amounts budgeted by function during fiscal year 2012.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, Ida County had approximately \$10.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$57,000, or .5%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2012	2011
Land	\$ 242	242
Construction in progress	610	179
Buildings and improvements	910	958
Equipment and vehicles	1,383	1,634
Infrastructure	7,693	7,882
Total	\$ 10,838	10,895

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

Capital assets contributed by the Iowa Department of Transportation	\$ 448
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The County had depreciation expense of \$643,364 in fiscal year 2012 and total accumulated depreciation of \$5,889,421 at June 30, 2012. 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, Ida County had no general obligation long-term debt outstanding. Information about the County's other long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Ida County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2013 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

Levy	2013	2012	Percentage Change
	Dollars Certified	Dollars Certified	
General basic	\$ 1,548,686	1,469,601	5.38%
General supplemental	404,163	383,524	5.38%
Mental health	300,889	246,781	21.93%
Rural services basic	415,335	458,817	-9.48%
Total	\$ 2,669,073	2,558,723	4.31%

Continued state revenue cutbacks and health insurance increases for the past few years are driving increases in property tax. No new services were added in the fiscal year 2013 budget. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal years 2012 and 2013 are as follows:

Levy Rate	2013	2012	Percentage Change
General basic	\$ 3.50000	\$ 3.50000	0.00%
General supplemental	0.91340	0.91340	0.00%
Mental health	0.68000	0.59540	14.21%
Rural services basic	1.30000	1.52000	-14.47%
Total	\$ 6.39340	6.52880	-2.07%

Budgeted disbursements in the fiscal year 2013 operating budget are approximately \$6.7 million, which is an 11.7% increase over the fiscal year 2012 final budget of \$6.0 million. Total taxable valuations increased approximately \$23 million. The mental health levy rate was increased 14.2% due to the fiscal year 2012 ending fund balance. The rural services basic levy rate decreased 14.5%, primarily due to the receipt of local option sales tax over the past two fiscal years.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Ida 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 Ida County Auditor’s Office, 401 Moorehead Street, Ida Grove, Iowa, 51445-0236.

Ida County

Basic Financial Statements

Exhibit A

Ida County
Statement of Net Assets
June 30, 2012

	Primary Government	Component Unit
	Governmental Activities	Ida County Conservation Foundation
Assets		
Cash and pooled investments	\$ 3,322,178	37,324
Restricted cash and pooled investments	389,082	-
Receivables:		
Succeeding year property tax	2,526,000	-
Succeeding year tax increment financing	127,000	-
Accounts	404,070	-
Accrued interest	773	-
Due from other governments	224,375	-
Inventories	351,978	-
Prepaid insurance	107,149	-
Capital assets (net of accumulated depreciation)	10,837,765	-
Total assets	18,290,370	37,324
Liabilities		
Accounts payable	295,968	-
Salaries and benefits payable	59,288	-
Due to other governments	146,899	-
Deferred revenue:		
Succeeding year property tax	2,526,000	-
Succeeding year tax increment financing	127,000	-
Long-term liabilities:		
Portion due or payable within one year:		
Compensated absences	63,885	-
Estimated liability for closure and postclosure care	12,965	-
Portion due or payable after one year:		
Compensated absences	15,786	-
Estimated liability for closure and postclosure care	326,437	-
Net OPEB liability	22,500	-
Total liabilities	3,596,728	-
Net Assets		
Invested in capital assets	10,837,765	-
Restricted for:		
Supplemental levy purposes	125,454	-
Mental health purposes	112,287	-
Rural services purposes	754,516	-
Secondary roads purposes	1,497,445	-
Other purposes	543,804	37,324
Unrestricted	822,371	-
Total net assets	\$ 14,693,642	37,324

See notes to financial statements.

Ida County

Ida County

Statement of Activities

Year ended June 30, 2012

	Program Revenues			
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	\$ 658,581	63,510	11,514	-
Physical health and social services	227,138	14,033	130,214	-
Mental health	805,189	9,100	300,357	-
County environment and education	297,129	74,119	10,673	-
Roads and transportation	3,169,920	77,797	1,946,002	447,905
Governmental services to residents	223,185	165,050	-	-
Administration	674,912	34,620	35,224	-
Total primary government	\$ 6,056,054	438,229	2,433,984	447,905
Component Unit:				
Ida County Conservation Foundation	\$ 1,501	-	2,677	-
General Revenues:				
Property and other county tax levied for general purposes				
Tax increment financing				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets beginning of year, as restated				
Net assets end of year				
See notes to financial statements.				

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	Component Unit
Governmental Activities	Ida County Conservation Foundation
(583,557)	
(82,891)	
(495,732)	
(212,337)	
(698,216)	
(58,135)	
(605,068)	
<u>(2,735,936)</u>	
	<u>1,176</u>
2,452,762	-
123,736	-
16,391	-
76,023	-
292,918	-
9,686	-
2,000	-
<u>2,973,516</u>	<u>-</u>
237,580	1,176
<u>14,456,062</u>	<u>36,148</u>
<u>\$ 14,693,642</u>	<u>37,324</u>

Ida County
Balance Sheet
Governmental Funds

June 30, 2012

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 947,050	290,696	720,957	1,270,571
Restricted cash and pooled investments	-	-	-	-
Receivables:				
Succeeding year property tax	1,850,000	285,000	391,000	-
Succeeding year tax increment financing	-	-	-	-
Accounts	2,755	-	30	1,285
Accrued interest	743	-	-	-
Due from other governments	47,000	-	44,900	132,062
Inventories	-	-	-	351,978
Prepaid insurance	39,321	-	899	66,137
Total assets	\$ 2,886,869	575,696	1,157,786	1,822,033
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 22,474	32,743	11,833	228,918
Salaries and benefits payable	33,808	-	131	25,334
Due to other governments	877	145,666	306	50
Deferred revenue:				
Succeeding year property tax	1,850,000	285,000	391,000	-
Succeeding year tax increment financing	-	-	-	-
Other	14,341	-	-	-
Total liabilities	1,921,500	463,409	403,270	254,302
Fund balances:				
Nonspendable:				
Inventories	-	-	-	351,978
Prepaid insurance	39,321	-	899	66,137
Restricted for:				
Supplemental levy purposes	125,454	-	-	-
Mental health purposes	-	112,287	-	-
Rural services purposes	-	-	753,617	-
Secondary roads purposes	-	-	-	1,149,616
Landfill postclosure	-	-	-	-
Other purposes	102,278	-	-	-
Assigned for:				
Legal services	23,199	-	-	-
Public safety	2,706	-	-	-
Courthouse maintenance	48,000	-	-	-
Computer equipment	13,145	-	-	-
Conservation	7,296	-	-	-
Unassigned	603,970	-	-	-
Total fund balances	965,369	112,287	754,516	1,567,731
Total liabilities and fund balances	\$ 2,886,869	575,696	1,157,786	1,822,033

See notes to financial statements.

Arthur Ethanol Donation	Nonmajor	Total
-	92,904	3,322,178
-	389,082	389,082
-	-	2,526,000
-	127,000	127,000
400,000	-	404,070
-	30	773
-	413	224,375
-	-	351,978
-	792	107,149
400,000	610,221	7,452,605

-	-	295,968
-	15	59,288
-	-	146,899
-	-	2,526,000
-	127,000	127,000
400,000	-	414,341
400,000	127,015	3,569,496

-	-	351,978
-	792	107,149
-	-	125,454
-	-	112,287
-	-	753,617
-	-	1,149,616
-	389,098	389,098
-	93,316	195,594
-	-	23,199
-	-	2,706
-	-	48,000
-	-	13,145
-	-	7,296
-	-	603,970
-	483,206	3,883,109
400,000	610,221	7,452,605

Ida County

Ida County

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

June 30, 2012

Total governmental fund balances (page 21) \$ 3,883,109

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$16,727,186 and the accumulated depreciation is \$5,889,421. 10,837,765

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 414,341

Long-term liabilities, including the estimated liability for closure and postclosure care, compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (441,573)

Net assets of governmental activities (page 16) \$ 14,693,642

See notes to financial statements.

Ida County

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

Year ended June 30, 2012

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 1,776,469	236,571	439,722
Tax increment financing	-	-	-
Local option sales tax	-	-	292,918
Penalty and interest on property tax	16,391	-	-
Intergovernmental	201,718	311,071	20,081
Licenses and permits	13,523	-	-
Charges for service	263,180	-	1,484
Use of money and property	11,826	-	-
Miscellaneous	50,025	9,100	156
Total revenues	2,333,132	556,742	754,361
Expenditures:			
Operating:			
Public safety and legal services	644,365	-	-
Physical health and social services	224,456	-	-
Mental health	-	805,189	-
County environment and education	217,481	-	55,626
Roads and transportation	-	-	-
Governmental services to residents	220,831	-	-
Administration	645,931	-	-
Capital projects	-	-	-
Total expenditures	1,953,064	805,189	55,626
Excess (deficiency) of revenues over (under) expenditures	380,068	(248,447)	698,735
Other financing sources (uses):			
Operating transfers in	25,000	-	11,842
Operating transfers out	(70,856)	-	(669,144)
Total other financing sources (uses)	(45,856)	-	(657,302)
Change in fund balances	334,212	(248,447)	41,433
Fund balances beginning of year	631,157	360,734	713,083
Fund balances end of year	\$ 965,369	112,287	754,516

See notes to financial statements.

Revenue				
Secondary Roads	Arthur Ethanol Donation	Nonmajor		Total
-	-	-		2,452,762
-	-	123,736		123,736
-	-	-		292,918
-	-	-		16,391
1,984,522	-	11,278		2,528,670
1,155	-	-		14,678
-	-	2,007		266,671
-	-	1,210		13,036
76,642	25,000	5,430		166,353
2,062,319	25,000	143,661		5,875,215
-	-	-		644,365
-	-	2,500		226,956
-	-	-		805,189
-	-	6,496		279,603
2,600,475	-	-		2,600,475
-	-	301		221,132
-	-	-		645,931
115,161	-	-		115,161
2,715,636	-	9,297		5,538,812
(653,317)	25,000	134,364		336,403
895,947	-	-		932,789
-	(25,000)	(167,789)		(932,789)
895,947	(25,000)	(167,789)		-
242,630	-	(33,425)		336,403
1,325,101	-	516,631		3,546,706
1,567,731	-	483,206		3,883,109

Ida 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

Change in fund balances - Total governmental funds (page 25) \$ 336,403**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	\$ 137,323	
Capital assets contributed by the Iowa Department of Transportation	447,905	
Depreciation expense	<u>(643,364)</u>	(58,136)

Governmental funds report revenue in the current year for amounts deferred in prior years because they were not considered available at that time.

(29,486)

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	(3,616)	
Adjustment to estimated costs for landfill closure and postclosure care	(1,885)	
Other postemployment benefits	<u>(5,700)</u>	(11,201)

Change in net assets of governmental activities (page 19) \$ 237,580

See notes to financial statements.

Ida County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

Assets

Cash and pooled investments:	
County Treasurer	\$ 694,300
Other County officials	38,457
Receivables:	
Succeeding year property tax	7,968,000
Accounts	12,577
Accrued interest	549
Due from other governments	14,299
Total assets	8,728,182

Liabilities

Accounts payable	17,678
Salaries and benefits payable	48,206
Due to other governments	8,598,299
Trusts payable	15,486
Compensated absences	48,513
Total liabilities	8,728,182

Net assets

\$ -

See notes to financial statements.

Ida County

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

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

These financial statements present Ida County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Discretely Presented Component Unit

The Ida County Conservation Foundation (Foundation) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and scientific purposes dedicated to protecting and enhancing the natural resources for the residents of Ida County. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or held by the Foundation are substantially for the direct benefit of the Ida County Conservation Board.

Ida County Public Safety and Communications Commission – Ida County is a member of the Ida County Public Safety and Communications Commission (the Commission) established pursuant to Chapter 28E of the Code of Iowa. The Commission plans for County-wide law enforcement and communications

within the boundaries of Ida County, including all rural areas and participating municipalities. The Commission can contract with any and all public agencies which wish to enter into contracts with the Commission for the provision of law enforcement, communications and public safety services. The Commission furnishes law enforcement services, emergency communications and such other services as may be necessary to protect the rights and property of all citizens of any public agency contracting with the Commission. The Commission's Board is comprised of three representatives selected by and from the Ida County Board of Supervisors and one representative selected by each participating municipality. The Commission is funded primarily by assessments made against each participating member. The County's participating share cannot be less than 43% of the annual budget. The County has an ongoing financial responsibility to the Commission for its continued existence. Membership in the Commission for the year ended June 30, 2012 included five municipalities and the County. Ida County contributed \$438,086 and the municipalities contributed \$580,719 to support the Commission. Financial transactions of the Commission are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported as part of the Other Agency Funds of the County.

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: Ida County Assessor's Conference Board, Ida County Emergency Management Commission, Ida County Public Safety Commission and Ida 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: West Central Iowa Sheltered Workshop, Siouxland Regional 12 Transit, Regional 12 Landfill, Third Judicial District Department of Corrections, Mid Sioux Community Action Agency and Northwest Iowa Multicounty Regional Detention Center.

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 the following components/categories.

Invested in capital assets consists of capital assets, net of accumulated depreciation.

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor 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 Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Arthur Ethanol Donation Fund is used to account for revenues from Platinum Ethanol, LLC to be used by the County for County improvement projects.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for 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.

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.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	50,000
Land and buildings	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40
Infrastructure	10 - 65
Intangibles	10 - 65
Equipment and vehicles	5 - 12

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 which will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide 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, Rural Services and Secondary Roads Funds.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 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 \$5,001 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue: Arthur Ethanol Donation	\$ 25,000
Special Revenue: Secondary Roads	General	70,856
	Special Revenue: Rural Services	669,144
	Ida County Urban Renewal 1	154,799
	Ida County Urban Renewal 2	1,148
Rural Services	Special Revenue: Landfill Closure / Postclosure	11,842
Total		<u>\$ 932,789</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 follow:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 241,692	-	-	241,692
Construction in progress	179,366	573,246	(142,098)	610,514
Total capital assets not being depreciated	421,058	573,246	(142,098)	852,206
Capital assets being depreciated:				
Buildings	1,987,250	-	-	1,987,250
Equipment and vehicles	4,585,068	11,982	(27,628)	4,569,422
Infrastructure, road network	9,176,210	142,098	-	9,318,308
Total capital assets being depreciated	15,748,528	154,080	(27,628)	15,874,980
Less accumulated depreciation for:				
Buildings	1,028,687	48,980	-	1,077,667
Equipment and vehicles	2,950,535	263,823	(27,628)	3,186,730
Infrastructure, road network	1,294,463	330,561	-	1,625,024
Total accumulated depreciation	5,273,685	643,364	(27,628)	5,889,421
Total capital assets being depreciated, net	10,474,843	(489,284)	-	9,985,559
Governmental activities capital assets, net	\$ 10,895,901	83,962	(142,098)	10,837,765

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 12,513
County environment and education	15,125
Roads and transportation	588,135
Administration	27,591
Total depreciation expense - governmental activities	\$ 643,364

(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	\$ 877
Special Revenue:		
Mental Health	Services	145,666
Rural Services	Services	306
Secondary Roads	Services	50
		<u>146,022</u>
Total for governmental funds		<u>\$ 146,899</u>
Agency:		
County Offices	Collections	\$ 23,026
Agricultural Extension Education		127,549
County Assessor		189,227
Schools		5,390,185
Community Colleges		333,082
Corporations		1,834,109
Townships		219,862
Auto License and Use Tax		204,053
All other		277,206
Total for agency funds		<u>\$ 8,598,299</u>

(6) Long-Term Liabilities

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

	Compen- sated Absences	Estimated Liability for Closure and Postclosure Care	Net OPEB Liability	Total
Balance beginning of year	\$ 76,055	337,517	16,800	430,372
Increases	54,244	1,885	13,000	69,129
Decreases	50,628	-	7,300	57,928
Balance end of year	<u>\$ 79,671</u>	<u>339,402</u>	<u>22,500</u>	<u>441,573</u>
Due within one year	<u>\$ 63,885</u>	<u>12,965</u>	<u>-</u>	<u>76,850</u>

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 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 \$163,909, 143,056 and \$138,223, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides health benefits for employees, retirees and their spouses. There are 47 active and 1 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 50 with 22 years of service.

The health benefits are provided through a self-funded group health insurance program administered by the Iowa State Association of Counties. Retirees under age 65 pay the same premium for the health benefit as active employees, which results in an implicit rate subsidy and an OPEB liability. Surviving spouses of retirees are allowed to continue coverage under COBRA for 36 months.

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	\$ 12,900
Interest on net OPEB obligation	700
Adjustment to annual required contribution	(600)
Annual OPEB cost	<u>13,000</u>
Contributions made	<u>(7,300)</u>
Increase in net OPEB obligation	5,700
Net OPEB obligation beginning of year	<u>16,800</u>
Net OPEB obligation end of year	<u><u>\$ 22,500</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the County contributed \$7,300 to the health plan. Plan members eligible for benefits contributed \$8,748, or 54.5% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 12,878	25.8%	\$ 9,560
2011	12,900	43.9	16,800
2012	13,000	56.2	22,500

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$114,158, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$114,158. The covered payroll (annual payroll of active employees covered by the plan) was \$1,707,278 and the ratio of the UAAL to covered payroll was 6.7%. 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 type of benefits provided as 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 July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .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.

Projected claim costs of the medical plan are \$691 per month for retirees and \$691 per month for the retiree's spouse. 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 for 30 years.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 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 \$196,853.

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

(10) Closure and Postclosure Care Costs

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 for changes due to inflation or deflation, technology, or applicable laws or regulations. Postclosure care costs for the Ida County Landfill have been estimated at \$337,090 and a provision for this liability has been made in the County's Statement of Net Assets as of June 30, 2012. This amount is based on what it would cost to perform all postclosure care during the year ended June 30, 2012. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Ida County Landfill closed during fiscal year 2008 at 100% capacity.

To comply with state regulations, the County is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the County is required to maintain a closure account as financial assurance for the closure costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station.

As of June 30, 2012, the total closure care costs for the transfer station have been estimated at \$2,312 and a provision for this liability has been made in the County's Statement of Net Assets as of June 30, 2012.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has accumulated resources to fund these liabilities and, at June 30, 2012, assets of \$389,098 are restricted for these purposes. They are reported as restricted investments and accrued interest receivable in the Special Revenue, Landfill Closure/Postclosure and Transfer Station Closure Funds in the Statement of Net Assets.

(11) Ida County Public Safety and Communications Commission

The County participates in the Ida County Public Safety and Communications Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data for the Commission is for the year ended June 30, 2012:

	Operating	Confiscated Property	Sheriff's K-9	Sheriff's Commissary	Sherrifs Reserve Deputy	Sheriff's DARE	Total
Additions:							
Contributions from governmental units:							
Ida County	\$ 438,086	-	-	-	-	-	438,086
Ida Grove	278,133	-	-	-	-	-	278,133
Holstein	166,065	-	-	-	-	-	166,065
Arthur	26,489	-	-	-	-	-	26,489
Galva	33,621	-	-	-	-	-	33,621
Battle Creek	76,411	-	-	-	-	-	76,411
	<u>1,018,805</u>	-	-	-	-	-	<u>1,018,805</u>
Prisoner fees:							
Boarding fees	18,240	-	-	-	-	-	18,240
Work release fees	2,500	-	-	-	-	-	2,500
Probation fees	1,250	-	-	-	-	-	1,250
Commissary fees	-	-	-	2,347	-	-	2,347
	<u>21,990</u>	-	-	<u>2,347</u>	-	-	<u>24,337</u>
Miscellaneous:							
Refunds	5,075	-	-	-	-	-	5,075
Grants	4,500	-	-	-	-	-	4,500
Miscellaneous	4,582	-	-	-	-	-	4,582
	<u>14,157</u>	-	-	-	-	-	<u>14,157</u>
Total additions	<u>1,054,952</u>	-	-	<u>2,347</u>	-	-	<u>1,057,299</u>
Deductions:							
Salaries and wages	573,701	-	-	-	-	-	573,701
Benefits	208,884	-	-	-	-	-	208,884
Iowa system rental	4,164	-	-	-	-	-	4,164
Postage and mailing	1,949	-	-	-	-	-	1,949
Office supplies	8,266	-	-	-	-	-	8,266
Mileage and subsistence	1,253	-	-	-	-	-	1,253
Education and training	7,445	-	-	-	-	-	7,445
Uniform allowance	6,256	-	-	-	-	-	6,256
Insurance	39,788	-	-	-	-	-	39,788
Equipment, supplies and maintenance	60,473	-	-	-	6	-	60,479
Motor vehicle	14,900	-	-	-	-	-	14,900
Motor vehicle supplies	59,839	-	-	-	-	-	59,839
Telephone and fax	12,198	-	-	-	-	-	12,198
Radio equipment repair and maintenance	483	-	-	-	-	-	483
Investigations	2,218	-	-	-	-	-	2,218
Jail food and provisions	12,468	-	-	456	-	-	12,924
Jail supplies	1,612	-	-	-	-	-	1,612
Medical supplies	619	-	-	-	-	-	619
Improvements	950	-	-	-	-	-	950
Miscellaneous	4,011	-	-	-	-	-	4,011
Total deductions	<u>1,021,477</u>	-	-	<u>456</u>	<u>6</u>	-	<u>1,021,939</u>
Change in net assets	33,475	-	-	1,891	(6)	-	35,360
Balance beginning of year	79,473	1,662	32	1,063	194	16	82,440
Balance end of year	<u>\$ 112,948</u>	<u>1,662</u>	<u>32</u>	<u>2,954</u>	<u>188</u>	<u>16</u>	<u>117,800</u>

(12) Public Health Services Agreement

In February 2006, an agreement was entered into between Horn Memorial Hospital, Ida County and the Ida County Board of Health for the purpose of consolidating services offered by Horn Memorial Hospital and the Ida County Board of Health. In the agreement, Horn Memorial Hospital agreed to provide public health nursing services and home care services for and on behalf of the Ida County Board of Health to the residents of Ida County. Under the agreement, the Board of Health shall continue as an organizational entity and shall continue to act in compliance with Chapter 137 of the Code of Iowa and Chapter 79 of the Iowa Administrative Code, where applicable. The agreement was effective July 1, 2006 and will continue year to year unless terminated.

The home health, public health and homemakers services provided will be under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of Ida County may be unable to pay for said services, in which case the Hospital may submit monthly claims for reimbursements for services and fees to the County for payment. In addition, the County agrees to pay the Hospital an annual fee of \$85,000 for public health services, which will be paid in quarterly increments beginning July 1, 2006. An annual cost of living increase, as determined by the cost of living index for Social Security benefits, will be provided for each following year. During fiscal year 2012, the County paid \$95,034 pursuant to this agreement.

The Hospital is to perform all duties delegated to it by the Board of Health in good faith, including duties that may be imposed upon the Board of Health by statute or administrative rule, provided the Hospital shall receive adequate compensation for those additional duties or services.

(13) Development Agreements and Establishment of Urban Renewal Area

The County entered into development agreements to assist in urban renewal projects and established an urban renewal area, as follows:

In November 2006, the County entered into a private development agreement with Maple River Energy, LLC for construction of a 5 million gallon per year biodiesel and soybean processing plant. The County agreed to provide a 100% abatement of Maple River Energy, LLC property tax for ten years. The County also agreed to rebate 75% of the property tax paid by Maple River Energy, LLC, for an additional ten years, which will begin in year eleven. The County agreed to pay up to \$362,000 for expenses related to road improvements to support the project. As of June 30, 2012, the County has incurred costs of \$321,772 related to the road project.

In March 2007, the County entered into a private development agreement under the authorization of Chapter 403 of the Code of Iowa with Platinum Ethanol, LLC for the construction of a dry mill, corn-processing ethanol plant facility at an amount of not less than \$160,000,000. The County has adopted Ida County Urban Renewal Plan #1, which encompasses the development property. The County will provide a 100% abatement of Platinum Ethanol, LLC property tax for ten years. The County also agreed to rebate 75% of the property tax paid by Platinum Ethanol, LLC for an additional ten years, which will begin in year eleven. The County agreed to pay up to \$350,000 for expenses related to road improvements to support the project. On December 15, 2010, the County amended the agreement to include an additional \$150,000 in expenses related to road improvements, for a total of \$500,000. As of June 30, 2012, the County has incurred costs of \$373,538 related to road improvements. Platinum Ethanol, LLC will make nineteen annual payments in the amount of \$25,000 to the County

beginning no later than January 30, 2010 and continuing for eighteen additional years on the anniversary of the first payment, for a total of \$475,000, to be used by the County for County improvement projects. As of June 30, 2012, the County has received cumulative contributions totaling \$75,000.

(14) Restatement

During fiscal year 2012, the Ida County Conservation Foundation was determined to be a discretely presented component unit of Ida County. The effect of the addition of this discretely presented component unit is as follows:

	<u>Component Unit</u> <u>Ida County Conservation Foundation</u>
Balance June 30, 2011, as previously reported	\$ -
Addition of Ida County Conservation Foundation as a discretely presented component unit	36,148
Balance July 1, 2011, as restated	<u>\$ 36,148</u>

Required Supplementary Information

Ida 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 Original/Final	Final to Actual Variance
Receipts:			
Property and other county tax	\$ 2,830,136	2,913,847	(83,711)
Interest and penalty on property tax	16,390	4,000	12,390
Intergovernmental	2,559,287	2,405,151	154,136
Licenses and permits	16,974	18,731	(1,757)
Charges for service	242,256	182,250	60,006
Use of money and property	12,302	3,010	9,292
Miscellaneous	168,432	194,600	(26,168)
Total receipts	5,845,777	5,721,589	124,188
Disbursements:			
Public safety and legal services	641,063	712,894	71,831
Physical health and social services	250,949	329,034	78,085
Mental health	733,652	762,128	28,476
County environment and education	266,576	354,528	87,952
Roads and transportation	2,558,619	2,802,211	243,592
Governmental services to residents	221,290	240,693	19,403
Administration	638,693	701,974	63,281
Capital projects	115,161	140,000	24,839
Total disbursements	5,426,003	6,043,462	617,459
Excess (deficiency) of receipts over (under) disbursements	419,774	(321,873)	741,647
Balance beginning of year	3,291,486	2,708,688	582,798
Balance end of year	\$ 3,711,260	2,386,815	1,324,445

See accompanying independent auditor's report.

Ida 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	\$ 5,845,777	29,438	5,875,215
Expenditures	5,426,003	112,809	5,538,812
Net	419,774	(83,371)	336,403
Beginning fund balances	3,291,486	255,220	3,546,706
Ending fund balances	\$ 3,711,260	171,849	3,883,109

See accompanying independent auditor's report.

Ida 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 the 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 eight major classes of expenditures known as functions, not by fund. These eight 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 and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and the Special Revenue Funds. 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. There were no budget amendments during the year.

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 by function.

Ida County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 114	114	0.00%	\$ 1,776	6.40%
2011	Jul 1, 2009	-	114	114	0.00	1,717	6.60
2012	Jul 1, 2009	-	114	114	0.00	1,707	6.70

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

See accompanying independent auditor's report.

Ida County

Supplementary Information

Ida County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

	County Recorder's Records Management	Resource Enhancement and Protection	Confiscated Funds - County Attorney
Assets			
Cash and pooled investments	\$ 11,260	34,077	6,254
Restricted cash and pooled investments	-	-	-
Receivables:			
Succeeding year tax increment financing	-	-	-
Accounts	-	-	-
Accrued interest	14	-	-
Due from other governments	161	-	252
Prepaid insurance	-	792	-
Total assets	\$ 11,435	34,869	6,506
Liabilities and Fund Balances			
Liabilities:			
Salaries and benefits payable	\$ -	15	-
Deferred revenue:			
Succeeding year tax increment financing	-	-	-
Total liabilities	-	15	-
Fund balances:			
Nonspendable for prepaid insurance	-	792	-
Restricted for:			
Landfill postclosure	-	-	-
Other purposes	11,435	34,062	6,506
Total fund balances	11,435	34,854	6,506
Total liabilities and fund balances	\$ 11,435	34,869	6,506

See accompanying independent auditor's report.

Special Revenue					
Landfill Closure / Postclosure	Transfer Station Closure	Ida County Urban Renewal 1	Ida County Urban Renewal 2	Public Health Services Enhancement	Total
-		36,747	-	4,566	92,904
386,770	2,312	-	-	-	389,082
-	-	126,000	1,000	-	127,000
-	-	-	-	-	-
16	-	-	-	-	30
-	-	-	-	-	413
-	-	-	-	-	792
386,786	2,312	162,747	1,000	4,566	610,221
-	-	-	-	-	15
-	-	126,000	1,000	-	127,000
-	-	126,000	1,000	-	127,015
-	-	-	-	-	792
386,786	2,312	-	-	-	389,098
-	-	36,747	-	4,566	93,316
386,786	2,312	36,747	1,000	4,566	484,206
386,786	2,312	162,747	1,000	4,566	610,221

Ida County

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

Year ended June 30, 2012

	County Recorder's Records Management	Resource Enhancement and Protection	Confiscated Funds - County Attorney
Revenues:			
Tax increment financing	\$ -	-	-
Intergovernmental	-	9,463	1,815
Charges for service	2,007	-	-
Use of money and property	-	-	-
Miscellaneous	-	5,430	-
Total revenues	2,007	14,893	1,815
Expenditures:			
Operating:			
Physical health and social services	-	-	-
County environment and education	-	6,496	-
Governmental services to residents	301	-	-
Total expenditures	301	6,496	-
Excess (deficiency) of revenues over (under) expenditures	1,706	8,397	1,815
Other financing uses:			
Operating transfers out	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	1,706	8,397	1,815
Fund balances beginning of year	9,729	26,457	4,691
Fund balances end of year	\$ 11,435	34,854	6,506

See accompanying independent auditor's report.

Special Revenue						
Landfill Closure/ Postclosure	Transfer Station Closure	Ida County Urban Renewal 1	Ida County Urban Renewal 2	Public Health Services Enhancement		Total
-	-	122,588	1,148	-		123,736
-	-	-	-	-		11,278
-	-	-	-	-		2,007
1,210	-	-	-	-		1,210
-	-	-	-	-		5,430
1,210	-	122,588	1,148	-		143,661
-	-	-	-	2,500		2,500
-	-	-	-	-		6,496
-	-	-	-	-		301
-	-	-	-	2,500		9,297
1,210	-	122,588	1,148	(2,500)		134,364
(11,842)	-	(154,799)	(1,148)	-		(167,789)
(10,632)	-	(32,211)	-	(2,500)		(33,425)
397,418	2,312	68,958	-	7,066		516,631
386,786	2,312	36,747	-	4,566		483,206

Ida County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,549	49,934	69,185
Other County officials	38,457	-	-	-
Receivables:				
Succeeding year property tax	-	126,000	150,000	5,321,000
Accounts	55	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 38,512	127,549	199,934	5,390,185
Liabilities				
Accounts payable	\$ -	-	137	-
Salaries and benefits payable	-	-	4,985	-
Due to other governments	23,026	127,549	189,227	5,390,185
Trusts payable	15,486	-	-	-
Compensated absences	-	-	5,585	-
Total liabilities	\$ 38,512	127,549	199,934	5,390,185

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
4,082	10,109	2,862	204,053	352,526	694,300
-	-	-	-	-	38,457
329,000	1,824,000	217,000	-	1,000	7,968,000
-	-	-	-	12,522	12,577
-	-	-	-	549	549
-	-	-	-	14,299	14,299
333,082	1,834,109	219,862	204,053	380,896	8,728,182
-	-	-	-	17,541	17,678
-	-	-	-	43,221	48,206
333,082	1,834,109	219,862	204,053	277,206	8,598,299
-	-	-	-	-	15,486
-	-	-	-	42,928	48,513
333,082	1,834,109	219,862	204,053	380,896	8,728,182

Ida County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 29,678	121,475	165,442	5,397,290
Additions:				
Property and other county tax	-	126,381	176,083	5,337,715
E911 surcharge	-	-	-	-
State tax credits	-	5,451	6,571	243,531
Drivers license fees	-	-	-	-
Office fees and collections	222,555	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	115,567	-	-	-
Assessments	-	-	-	-
Miscellaneous	-	-	330	-
Total additions	338,122	131,832	182,984	5,581,246
Deductions:				
Agency remittances:				
To other funds	108,091	-	-	-
To other governments	104,207	125,758	148,492	5,588,351
Trusts paid out	116,990	-	-	-
Total deductions	329,288	125,758	148,492	5,588,351
Balances end of year	\$ 38,512	127,549	199,934	5,390,185

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Other	Total
320,117	1,761,909	204,772	215,642	352,776	8,569,101
330,068	1,804,039	217,356	-	1,288	7,992,930
-	-	-	-	72,147	72,147
14,347	72,299	8,674	-	58	350,931
-	-	-	14,266	-	14,266
-	-	-	-	20	222,575
-	-	-	2,687,418	-	2,687,418
-	-	-	-	22,649	138,216
-	-	-	-	4,573	4,573
-	-	-	-	1,122,629	1,122,959
344,415	1,876,338	226,030	2,701,684	1,223,364	12,606,015
-	-	-	91,297	-	199,388
331,450	1,804,138	210,940	2,621,976	1,171,887	12,107,199
-	-	-	-	23,357	140,347
331,450	1,804,138	210,940	2,713,273	1,195,244	12,446,934
333,082	1,834,109	219,862	204,053	380,896	8,728,182

Ida 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	\$ 2,452,762	2,598,602	2,585,205	1,982,400
Tax increment financing	123,736	131,673	104,264	32,211
Local option sales tax	292,918	276,709	111,477	-
Interest and penalty on property tax	16,391	17,587	18,177	14,344
Intergovernmental	2,528,670	2,511,521	2,488,046	2,814,275
Licenses and permits	14,678	15,439	16,969	14,894
Charges for service	266,671	214,234	206,147	203,993
Use of money and property	13,036	12,845	19,763	54,773
Miscellaneous	166,353	268,084	161,042	92,533
Total	\$ 5,875,215	6,046,694	5,711,090	5,209,423
Expenditures:				
Operating:				
Public safety and legal services	\$ 644,365	622,251	618,674	582,787
Physical health and social services	226,956	259,742	292,453	254,743
Mental health	805,189	692,743	585,229	617,916
County environment and education	279,603	286,912	269,543	616,675
Roads and transportation	2,600,475	2,374,426	2,644,571	2,242,896
Governmental services to residents	221,132	227,452	242,777	250,908
Administration	645,931	571,705	562,824	646,839
Capital projects	115,161	272,514	552,796	280,420
Total	\$ 5,538,812	5,307,745	5,768,867	5,493,184

See accompanying independent auditor's report.

Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
1,938,425	1,819,514	1,805,477	1,794,080	1,781,461	1,753,654
-	-	-	-	-	-
-	-	-	-	-	-
15,209	14,322	16,904	16,512	15,886	13,930
2,499,595	2,490,839	2,498,943	2,556,140	2,401,989	2,277,734
14,464	12,909	13,883	9,907	8,545	8,877
296,179	387,574	424,370	436,497	413,286	336,877
178,595	235,173	190,666	85,074	46,471	77,434
102,631	245,039	18,408	36,389	2,491	37,749
5,045,098	5,205,370	4,968,651	4,934,599	4,670,129	4,506,255
568,539	551,562	519,155	480,795	478,252	462,695
233,244	234,664	360,158	318,038	403,786	414,539
722,629	658,922	646,308	610,672	585,812	600,863
374,184	376,643	364,521	360,779	428,899	352,426
2,595,001	2,239,202	2,281,399	1,628,623	1,760,485	2,129,355
217,704	233,356	250,304	268,221	226,212	218,386
621,533	711,761	607,036	612,838	569,878	521,064
1,175,003	3,465	197,100	53,982	153,477	447,737
6,507,837	5,009,575	5,225,981	4,333,948	4,606,801	5,147,065

**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**



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Ida County:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Ida 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 28, 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

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

Ida County's responses to the 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 Ida 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 Ida County and other parties to whom Ida County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Ida 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 28, 2013

Ida 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 control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) A list of money and checks received is not prepared and compared to cash receipt records.	Sheriff
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.	Treasurer, Recorder, Sheriff and Ag Extension
(3) Investment custody and accounting functions are not segregated and evidence of a review of investments by an independent person did not exist.	Treasurer
(4) Preparing bank reconciliations and handling and recording cash functions are not segregated. Bank reconciliations are not reviewed by an independent person for propriety.	Recorder and Ag Extension
(5) The change fund is shared among employees and is not verified by surprise counts.	Treasurer, Recorder, and Ag Extension
(6) Preparing the capital asset listing and reconciling the listing to the accounting records are not segregated. Also, the capital asset listing is not reviewed by an independent person.	Auditor
(7) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Ag Extension

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

Ida County
Schedule of Findings
Year ended June 30, 2012

Responses –

Sheriff – We will do everything possible to ensure proper segregation of duties is put into place with current staffing levels.

Recorder – We will try to segregate duties as best as we can with the small staff we have.

Treasurer – We do the best we can with the staff and time we have.

Ag Extension – With limited staff, we make every effort to segregate duties. Extension Council has dual signature checks and signs the check stubs and vouchers.

Auditor – The Auditor’s office will utilize current personnel to review the capital assets listing.

Conclusions – Responses acknowledged. The officials should utilize County personnel from other offices, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

- (B) Financial Reporting – During the audit, we identified a material understatement of receivables recorded in the County’s financial statements. An adjustment was subsequently made to the financial statements.

Recommendation – The County should implement procedures to ensure all receivables are properly accounted for in the County’s financial statements.

Response – We will try to watch accrual dates better.

Conclusion – Response accepted.

- (C) Computer System – Personnel in the County Treasurer’s Office share the same computer terminal from time to time and each person does not log-on and log-off prior to other personnel entering transactions on that terminal.

Recommendation – The County Treasurer should require personnel who share the same computer terminal to log-on and log-off prior to other personnel entering transactions on the same terminal.

Response – We do this on the motor vehicle side. When needed we sign in with our own batches during busy times and use more than one machine to ring in taxes. On a normal day we use one batch only for taxes and miscellaneous receipts.

Conclusion – Response acknowledged. Personnel who share the same computer terminal should be required to log-on and log-off prior to other personnel entering transactions on the same terminal.

Ida County

Schedule of Findings

Year ended June 30, 2012

- (D) Timesheets – Individual timesheets prepared by employees in the Sheriff's Office are not approved by a supervisor.

Recommendation – Timesheets should be prepared by all personnel, including salaried employees. Timesheets should be reviewed and signed by the employee and the employee's supervisor prior to submission to the County Auditor's Office.

Response – We will have each employee and their immediate supervisor sign off on their individual timesheet following their nine day work rotation.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Ida 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 by function.
- (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 – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) Financial Assurance – The County has demonstrated financial assurance for closure and postclosure care by establishing local government dedicated funds as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. Total estimated costs for postclosure care is \$337,090 and total estimated costs for transfer station closure care is \$2,312. The balance restricted for landfill closure and postclosure care at June 30, 2012 is \$389,098. Therefore, the closure and postclosure care costs are fully funded at June 30, 2012.
- (10) County Extension Office – The Ida 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 Ida County Extension Office did not exceed the amount budgeted.

- (11) Tax Increment Financing (TIF) Indebtedness Certification – Chapter 403.19 of the Code of Iowa provides a municipality shall certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness

Ida County

Schedule of Findings

Year ended June 30, 2012

and, as such, the County Auditor shall provide available TIF incremental property tax in subsequent fiscal years without further certification until the amount of certified indebtedness is paid to the County. Indebtedness incurred is to be certified by the County Auditor and then the divided property tax is to be used to pay the principal of and the interest on the certified indebtedness.

The TIF #1 development agreement included debt for tax rebates and road improvements. The County certified \$617,777 of debt for the road improvements based upon a combination of projected and actual costs incurred by the Secondary Roads Fund. The actual cost of the road improvements, net of grants received, was \$373,538. Accordingly, debt for the road improvements has been over certified by \$244,239.

The TIF #2 development agreement only included debt for tax rebates. However, the County also certified \$362,000 in projected road improvement costs to be incurred in the Secondary Roads Fund as TIF debt. This debt was never formally approved by the Board of Supervisors. The actual cost of the road improvements, net of grants received, was \$321,772.

Recommendation – The County should consult TIF legal counsel to determine the propriety of the County’s TIF certifications which included projected costs and the amount of TIF debt to be certified or decertified, if any, from the December 2007 certification to the most recent certification.

The County should develop a method to clearly account for advances to another fund to be expended for TIF qualified costs and ensure those TIF qualified costs are approved by the Board of Supervisors as TIF debt and certified to the County Auditor as TIF debt in a timely manner so property tax can be divided and the TIF debt can be repaid.

Response – The Board will certify debt by resolution authorizing an internal loan from the Secondary Roads Fund to pay for project costs and be repaid out of incremental property tax revenues. We will review TIF debt certifications and make appropriate changes.

Conclusion – Response accepted.

Ida County

Staff

This audit was performed by:

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