



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

May 19, 2009

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

The County had local tax revenue of \$13,199,617 for the year ended June 30, 2008, which included \$820,306 in tax credits from the state. The County forwarded \$8,777,912 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,421,705 of the local tax revenue to finance County operations, a 9.2 percent increase over the prior year. Other revenues included charges for service of \$1,011,020, operating grants, contributions and restricted interest of \$3,818,261, capital grants, contributions and restricted interest of \$2,047,825, local option sales tax of \$312,547, unrestricted investment earnings of \$289,147 and other general revenues of \$51,412.

Expenses for County operations totaled \$9,429,367, a 1.9 percent increase over the prior year. Expenses included \$4,042,673 for roads and transportation, \$1,457,948 for public safety and legal services and \$1,195,803 for administration.

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/reports.htm>.

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MONONA COUNTY

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

JUNE 30, 2008

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Monona County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lester Nordaker	Board of Supervisors	Jan 2009
Stanley Skow	Board of Supervisors	Jan 2011
Charles Brown	Board of Supervisors	Jan 2011
Benita J. Davis	County Auditor	Jan 2009
Lawrence Framke	County Treasurer	Jan 2011
Tena L. Hinkel	County Recorder	Jan 2011
Jeffrey R. Pratt	County Sheriff	Jan 2009
Michael P. Jensen	County Attorney	Jan 2011
Lawrence E. Keitges	County Assessor	Jan 2010

Monona County



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Independent Auditor's Report

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Monona County's management. Our responsibility is to express opinions on these financial statements based on our audit.

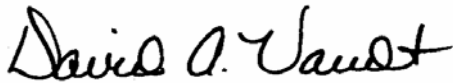
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monona County at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

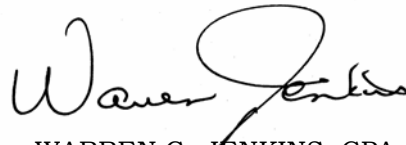
In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2009 on our consideration of Monona County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 42 through 45 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monona County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 23, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monona County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- The County's governmental activities revenues decreased less than 1%, or approximately \$35,000, from fiscal 2007 to fiscal 2008. Property tax increased approximately \$329,000, operating grants, contributions and restricted interest increased approximately \$343,000 and capital grants, contributions and restricted interest decreased approximately \$783,000.
- The County's governmental activities expenses increased 1.9%, or approximately \$172,000, from fiscal 2007 to fiscal 2008.
- The County's net assets increased 14%, or approximately \$2,523,000, from June 30, 2007 to June 30, 2008.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Monona County’s combined net assets increased from approximately \$18 million to approximately \$20.5 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

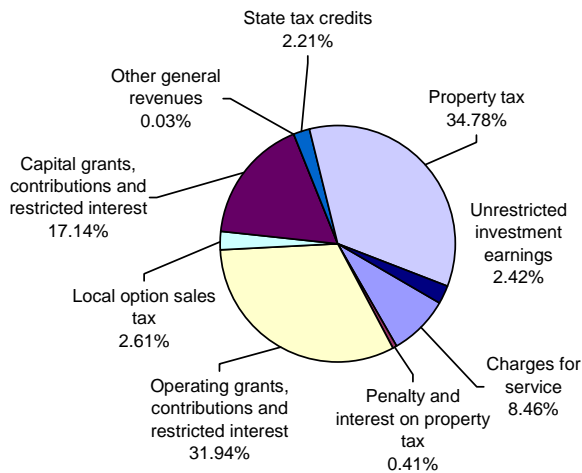
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2008	2007
Current and other assets	\$ 11,043	10,236
Capital assets	15,009	13,041
Total assets	<u>26,052</u>	<u>23,277</u>
Long-term liabilities	678	831
Other liabilities	4,850	4,445
Total liabilities	<u>5,528</u>	<u>5,276</u>
Net assets:		
Invested in capital assets, net of related debt	14,682	12,677
Restricted	3,247	2,744
Unrestricted	<u>2,595</u>	<u>2,580</u>
Total net assets	<u>\$ 20,524</u>	<u>18,001</u>

Net assets of Monona County’s governmental activities increased approximately \$2,523,000, or 14%, compared to FY07. The largest portion of the County’s net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. The increase of approximately \$2 million in this net asset component was primarily due to an increase in road infrastructure during the fiscal year. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets increased approximately \$503,000, or 18.3%, over the prior year, primarily due to an increase in funds held in the Secondary Roads fund at June 30, 2008. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are approximately \$2.6 million at June 30, 2008, a less than 1% increase over the prior year.

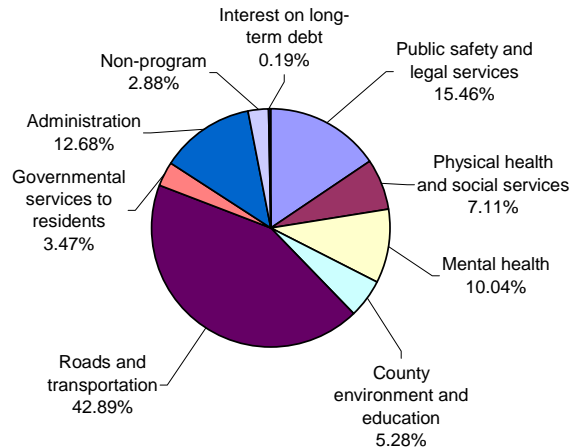
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2008	2007
Revenues:		
Program revenues:		
Charges for service	\$ 1,011	1,006
Operating grants, contributions and restricted interest	3,818	3,475
Capital grants, contributions and restricted interest	2,048	2,831
General revenues:		
Property tax	4,158	3,829
Penalty and interest on property tax	49	25
State tax credits	264	219
Local option sales tax	312	259
Unrestricted investment earnings	289	269
Gain on disposition of capital assets	-	69
Other general revenues	3	5
Total revenues	11,952	11,987
Program expenses:		
Public safety and legal services	1,458	1,477
Physical health and social services	670	638
Mental health	947	876
County environment and education	498	425
Roads and transportation	4,043	4,109
Governmental services to residents	327	297
Administration	1,196	1,160
Non-program	272	263
Interest on long-term debt	18	12
Total expenses	9,429	9,257
Increase in net assets	2,523	2,730
Net assets beginning of year	18,001	15,271
Net assets end of year	\$ 20,524	18,001

Revenues by Source



Expenses by Function



Revenues for governmental activities decreased approximately \$35,000 from the prior year. An increase in property tax and operating grants, contributions and restricted interest of approximately \$329,000 and \$343,000, respectively, was offset by a decrease in capital grants, contributions and restricted interest of approximately \$783,000. The decrease in capital grants and contributions can be attributed to the County not receiving the level of funding for secondary roads projects as was the case in the previous fiscal year.

The County increased property tax rates 7.8% for fiscal year 2008. Taxable valuation increased .28%. This resulted in an increase in the County's property tax revenue of approximately \$329,000 in fiscal 2008.

The cost of all governmental activities this year was approximately \$9.4 million compared to approximately \$9.3 million last year, a nominal increase of approximately \$172,000, or 1.9%.

As shown in the Statement of Activities on page 17, the amount ultimately financed for governmental activities was \$2,552,261 this year compared to \$1,945,135 last year because some of the cost was paid by those directly benefited from the programs (\$1,011,020 this year compared to \$1,005,856 last year) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,866,086 this year compared to \$6,306,325 last year). The County paid for the remaining "public benefit" portion of governmental activities with \$5,074,811 in property tax and other revenues, such as local option sales tax and interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$5.48 million, a 10.8% increase over last year's total of approximately \$4.94 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance increased \$176,965, or 8.59%. Overall revenues increased \$443,665, or 12.6%, while expenditures increased only \$112,997, or 3.1%. Revenues increased primarily due to increased property tax and medicare and medicaid revenues. The increase in expenditures is primarily due to costs associated with uniformed patrol services allocated back to the General Fund from the Rural Services Fund.
- The County has continued to look for ways to effectively manage the cost of mental health services. The Mental Health Fund balance at year end decreased \$16,441, or 18.4%, over the prior year. Property tax revenues increased \$37,621 due to an increase in taxable valuation and the mental health tax levy rate and state revenues increased \$138,229 due to an increase in the allowable growth factor. Expenditures totaled \$947,118, an increase of 8% over the previous fiscal year. This increase is attributed to an increase in the medicaid per diem rates and an increase in the number of involuntary hospitalizations during the fiscal year.
- The Rural Services Fund balance increased \$128,570, or 30.44%, over the prior year. Rural Services Fund revenues decreased only \$5,400. Rural Services Fund expenditures decreased \$168,275, due primarily to a decrease in uniformed patrol services. These costs were paid from the General Fund during fiscal 2008.
- The Secondary Roads Fund balance increased \$290,464, or 14%. Revenues increased \$131,199, or 4.29%, over the prior year. This increase can be attributed to increased funding for FEMA disaster work. Secondary Roads Fund expenditures decreased \$12,482 from the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget one time. The amendment was made on May 20, 2008 and resulted in an increase in budgeted disbursements of \$61,157. This amendment was made to provide for additional expenditures in the REAP Fund, the secondary roads department, the Mental Health Fund for increased medicaid costs and the General Fund for election costs relating to the election day registration program and postage rates for absentee voting and voter registration.

The County's receipts were \$313,737 more than budgeted while disbursements were \$659,294 less than the amended budget. Intergovernmental and use of money and property revenues were more than anticipated by \$183,502 and \$91,889, respectively. This is due to revenues for credits and services being projected lower than actually received. However, additional funding was received for the empowerment program, special program on aging, the medicare and medicaid programs, care of prisoners and public health nurses. Also, interest on investments increased from what was estimated. Actual disbursements were less than budgeted for the public safety, roads and transportation, administration and physical health and social services functions by \$167,319, \$112,216, \$170,549 and \$76,690, respectively. These variances were primarily due to the following: (1) public safety: Deputy salary and expenses, criminal prosecution, medical examinations and prisoner expenses, FICA, IPERS, health insurance, detention services, legal fees and drug related expenses were less than anticipated, (2) roads and transportation: disbursements for roads and projects were less than anticipated. (3) administration: disbursements for computer software costs, official publications, board proceedings and utilities were lower than estimated. Major remodeling projects and building repairs were not addressed or were lower than anticipated. County share of FICA/IPERS/health insurance costs were lower than anticipated. (4) physical health and social services: disbursements for salary, FICA/IPERS and health insurance costs were lower due to not replacing a part time registered nurse. Also, programs and services provided were lower than estimated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, Monona County had approximately \$15 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1.9 million, or 15.09%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2008	2007
Land	\$ 202	202
Construction in progress, road network	2,598	1,684
Construction in progress, other	1,684	597
Buildings and improvements	910	904
Equipment and vehicles	2,224	2,384
Infrastructure	7,391	7,270
Total	\$ 15,009	13,041
This year's major additions included (in thousands):		
Secondary roads equipment	\$	168
Sheriff's office equipment		46
County environment and education vehicle		14
Parking lot replacement		51
Road infrastructure		436
Construction in progress, road network		2,002
Total	\$	2,717

The County had depreciation expense of \$748,579 in FY08 and total accumulated depreciation of approximately \$8 million at June 30, 2008.

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

Long-Term Debt

At June 30, 2008, Monona County had approximately \$475,000 in general obligation and other debt outstanding, compared to approximately \$634,000 at June 30, 2007, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2008	2007
General obligation visitor center note	\$ 327	364
Drainage warrants	148	270
Total	\$ 475	634

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates and fees charged for various County activities. These factors were considerations for the FY09 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2009	2008	Percentage Change
	Dollars Certified	Dollars Certified	
General basic levy	\$ 1,532,367	1,476,209	3.80%
General supplemental levy	1,250,115	1,117,701	11.85%
Mental health levy	375,993	375,993	0.00%
Rural services basic levy	1,277,066	1,235,798	3.34%
Rural services supplemental levy	161,654	156,430	3.34%
Debt service levy	51,605	51,974	0.0%
Total	\$ 4,648,800	4,414,105	5.32%

Continued state revenue cutbacks and health insurance increases for the past few years are driving any increases in property tax. No new services were added to the FY09 budget. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for FY09 and FY08 are as follows:

	2009	2008	Percentage Change
	General basic levy	\$ 3.50000	3.50000
General supplemental levy	2.85532	2.65000	8%
Mental health levy	0.85879	0.89146	-4%
Rural services basic levy	3.95000	3.95000	0%
Rural services supplemental levy	0.50000	0.50000	0%
Debt service levy	0.11648	0.12078	0%
Total	\$ 11.78059	11.61224	1.45%

Budgeted disbursements in the FY 2009 budget are approximately \$10.2 million, an 11.8% increase over the FY 2008 final actual disbursements. Total taxable valuations increased approximately \$26.4 million. Monona County has not added any major programs to the FY 2009 budget. Property tax is projected to increase approximately \$235,000. Budgeted disbursements are expected to increase approximately \$419,000.

If these estimates are realized, the County's budgetary balance is expected to decrease approximately \$368,000, or 11%, to \$2,951,588 by the close of FY09.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Monona County
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,560,305
Receivables:	
Property tax:	
Delinquent	8,344
Succeeding year	4,388,000
Interest and penalty on property tax	14,044
Accounts	62,518
Accrued interest	66,890
Drainage assessments	192,269
Due from other governments	483,318
Inventories	1,036,198
Prepaid expense	230,876
Capital assets (net of accumulated depreciation)	15,009,125
Total assets	<u>26,051,887</u>
Liabilities	
Accounts payable	289,453
Due to other governments	173,035
Deferred revenue:	
Succeeding year property tax	4,388,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation note	38,000
Drainage warrants	147,814
Compensated absences	49,402
Portion due or payable after one year:	
General obligation note	289,000
Compensated absences	153,651
Total liabilities	<u>5,528,355</u>
Net Assets	
Invested in capital assets, net of related debt	14,682,125
Restricted for:	
Supplemental levy purposes	554,288
Mental health purposes	89,435
Secondary roads purposes	2,285,031
Drainage warrants	71,680
Other purposes	246,197
Unrestricted	2,594,776
Total net assets	<u>\$ 20,523,532</u>

See notes to financial statements.

Monona County
Statement of Activities
Year ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,457,948	135,232	6,611	-	(1,316,105)
Physical health and social services	669,812	259,913	340,619	-	(69,280)
Mental health	947,118	9,117	552,896	-	(385,105)
County environment and education	497,895	21,591	66,436	-	(409,868)
Roads and transportation	4,042,673	63,909	2,775,222	2,047,825	844,283
Governmental services to residents	327,459	187,581	-	-	(139,878)
Administration	1,195,803	164,385	756	-	(1,030,662)
Non-program	272,129	169,292	75,721	-	(27,116)
Interest on long-term debt	18,530	-	-	-	(18,530)
Total	\$ 9,429,367	1,011,020	3,818,261	2,047,825	(2,552,261)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,109,109
Debt service					48,950
Penalty and interest on property tax					48,838
State tax credits					263,646
Local option sales tax					312,547
Unrestricted investment earnings					289,147
Miscellaneous					2,574
Total general revenues					5,074,811
Change in net assets					2,522,550
Net assets beginning of year					18,000,982
Net assets end of year					\$ 20,523,532

See notes to financial statements.

Monona County
Balance Sheet
Governmental Funds

June 30, 2008

	Special Revenue		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 1,992,137	275,937	550,922
Receivables:			
Property tax:			
Delinquent	4,904	659	2,691
Succeeding year	2,629,000	353,000	1,357,000
Interest and penalty on property tax	14,044	-	-
Accounts	59,649	-	-
Accrued interest	65,597	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	80,637	317	-
Inventories	-	-	-
Prepaid items	125,080	-	-
	Total assets	629,913	1,910,613
	\$ 4,971,048	629,913	1,910,613
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 26,180	17,726	-
Due to other governments	2,835	169,752	-
Deferred revenue:			
Succeeding year property tax	2,629,000	353,000	1,357,000
Other	76,375	16,350	2,691
Total liabilities	2,734,390	556,828	1,359,691
Fund balances:			
Reserved for:			
Supplemental levy purposes	493,343	-	74,491
Drainage warrants	-	-	-
Debt service	-	-	-
Unreserved, reported in:			
General fund	1,743,315	-	-
Special revenue funds	-	73,085	476,431
Total fund balances	2,236,658	73,085	550,922
	Total liabilities and fund balances	629,913	1,910,613
	\$ 4,971,048	629,913	1,910,613

See notes to financial statements.

Secondary Roads	Nonmajor	Total
1,063,772	257,725	4,140,493
-	90	8,344
-	49,000	4,388,000
-	-	14,044
2,869	-	62,518
-	469	66,066
-	137,517	137,517
-	54,752	54,752
378,458	23,906	483,318
1,036,198	-	1,036,198
105,796	-	230,876
<u>2,587,093</u>	<u>523,459</u>	<u>10,622,126</u>
204,037	8,768	256,711
448	-	173,035
-	49,000	4,388,000
16,879	212,288	324,583
<u>221,364</u>	<u>270,056</u>	<u>5,142,329</u>
-	-	567,834
-	7,296	7,296
-	184	184
-	-	1,743,315
<u>2,365,729</u>	<u>245,923</u>	<u>3,161,168</u>
<u>2,365,729</u>	<u>253,403</u>	<u>5,479,797</u>
<u>2,587,093</u>	<u>523,459</u>	<u>10,622,126</u>

Monona County

Monona County

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

June 30, 2008

Total governmental fund balances (page 19) \$ 5,479,797

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 \$22,965,063 and the accumulated depreciation is \$7,955,938. 15,009,125

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 324,583

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 387,894

Long-term liabilities, including general obligation note, drainage warrants and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (677,867)

Net assets of governmental activities (page 16) \$ 20,523,532

See notes to financial statements.

Monona County

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

Year ended June 30, 2008

	General	Special Revenue	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,440,940	353,822	1,313,074
Interest and penalty on property tax	34,794	-	-
Intergovernmental	945,555	576,855	79,118
Licenses and permits	9,838	-	-
Charges for service	231,883	-	-
Use of money and property	279,889	-	-
Miscellaneous	20,382	-	-
Total revenues	<u>3,963,281</u>	<u>930,677</u>	<u>1,392,192</u>
Expenditures:			
Operating:			
Public safety and legal services	1,347,284	-	63,575
Physical health and social services	648,216	-	-
Mental health	-	947,118	-
County environment and education	289,698	-	149,665
Roads and transportation	-	-	166,964
Governmental services to residents	314,173	-	3,664
Administration	1,186,945	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>3,786,316</u>	<u>947,118</u>	<u>383,868</u>
Excess (deficiency) of revenues over (under) expenditures	<u>176,965</u>	<u>(16,441)</u>	<u>1,008,324</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	(879,754)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(879,754)</u>
Net change in fund balances	176,965	(16,441)	128,570
Fund balances beginning of year	<u>2,059,693</u>	<u>89,526</u>	<u>422,352</u>
Fund balances end of year	<u>\$ 2,236,658</u>	<u>73,085</u>	<u>550,922</u>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
312,547	48,950	4,469,333
-	-	34,794
2,845,052	120,040	4,566,620
3,453	-	13,291
-	12,107	243,990
-	2,009	281,898
27,064	214,134	261,580
3,188,116	397,240	9,871,506
-	-	1,410,859
-	-	648,216
-	-	947,118
-	45,309	484,672
3,058,421	-	3,225,385
-	-	317,837
-	-	1,186,945
-	198,781	198,781
-	293,199	293,199
713,985	-	713,985
3,772,406	537,289	9,426,997
(584,290)	(140,049)	444,509
874,754	5,000	879,754
-	-	(879,754)
-	91,322	91,322
874,754	96,322	91,322
290,464	(43,727)	535,831
2,075,265	297,130	4,943,966
2,365,729	253,403	5,479,797

Monona County

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

Year ended June 30, 2008

Net change in fund balances - Total governmental funds (page 23) \$ 535,831

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

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

Expenditures for capital assets	\$ 715,420	
Capital assets contributed by the Iowa Department of Transportation	2,001,590	
Depreciation expense	<u>(748,579)</u>	1,968,431

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	324	
Other	<u>(2,004)</u>	(1,680)

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

Issued	(91,322)	
Repaid	<u>250,155</u>	158,833

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	(5,703)	
Interest on long-term debt	<u>24,514</u>	18,811

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

(157,676)

Change in net assets of governmental activities (page 17) \$ 2,522,550

See notes to financial statements.

Monona County
 Statement of Net Assets
 Proprietary Fund
 June 30, 2008

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	\$ 419,812
Accrued interest receivable	824
Total assets	420,636
Liabilities	
Accounts payable	32,742
Net Assets	
Unrestricted	\$ 387,894

See notes to financial statements.

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

Year ended June 30, 2008

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 837,153
Reimbursements from retirees	11,055
Total operating revenues	<u>848,208</u>
Operating expenses:	
Insurance premiums	1,025,735
Operating loss	<u>(177,527)</u>
Non-operating revenues:	
Interest income	19,851
Net loss	<u>(157,676)</u>
Net assets beginning of year	<u>545,570</u>
Net assets end of year	<u><u>\$ 387,894</u></u>

See notes to financial statements.

Monona County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2008

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 837,153
Cash received from employees and others	11,055
Cash paid to suppliers for services	(1,014,565)
Net cash used by operating activities	(166,357)
Cash flows from investing activities:	
Interest on investments	21,394
Net decrease in cash and cash equivalents	(144,963)
Cash and cash equivalents beginning of year	564,775
Cash and cash equivalents end of year	\$ 419,812
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (177,527)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Increase in accounts payable	11,170
Net cash used by operating activities	\$ (166,357)

See notes to financial statements.

Monona County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

Assets

Cash and pooled investments:	
County Treasurer	\$ 2,179,569
Other County officials	919
Receivables:	
Property tax:	
Delinquent	14,767
Succeeding year	8,243,400
Accounts	23,670
Accrued interest	132
Special assessments	178,667
Drainage assessments:	
Current	14,329
Future	12,033
Due from other governments	259,326
Total assets	<u>10,926,812</u>

Liabilities

Accounts payable	4,305
Due to other governments	10,402,454
Deferred revenue	362,763
Trusts payable	149,269
Compensated absences	8,021
Total liabilities	<u>10,926,812</u>

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

Monona County

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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

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

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

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

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

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

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Improvements	20 - 50
Infrastructure	30 - 50
Equipment and vehicles	2 - 20

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services and Secondary Roads Funds.

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted by function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2008 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 \$1,104,527 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 202,033	-	-	202,033
Construction in progress, road network	596,661	2,001,590	-	2,598,251
Construction in progress, other	1,684,352	-	-	1,684,352
Total capital assets not being depreciated	2,483,046	2,001,590	-	4,484,636
Capital assets being depreciated:				
Buildings	1,145,129	-	-	1,145,129
Improvements other than buildings	537,714	51,397	-	589,111
Equipment and vehicles	8,193,623	227,233	23,598	8,397,258
Infrastructure, road network	7,912,139	436,790	-	8,348,929
Total capital assets being depreciated	17,788,605	715,420	23,598	18,480,427
Less accumulated depreciation for:				
Buildings	463,704	27,646	-	491,350
Improvements other than buildings	315,600	17,304	-	332,904
Equipment and vehicles	5,809,687	387,434	23,598	6,173,523
Infrastructure, road network	641,966	316,195	-	958,161
Total accumulated depreciation	7,230,957	748,579	23,598	7,955,938
Total capital assets being depreciated, net	10,557,648	(33,159)	-	10,524,489
Governmental activities capital assets, net	\$ 13,040,694	1,968,431	-	15,009,125

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 43,881
Physical health and social services	723
County environment and education	18,940
Roads and transportation	639,702
Governmental services to residents	650
Administration	44,683
Total depreciation expense - governmental activities	\$ 748,579

(4) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 2,835
Special Revenue:		
Mental Health	Services	169,752
Secondary Roads	Services	448
		<u>173,035</u>
Total for governmental funds		<u>\$ 173,035</u>
Agency:		
County Offices	Collections	\$ 108
Agricultural Extension Education		122,408
County Assessor		369,998
Schools		5,917,052
Community Colleges		348,010
Corporations		1,576,962
Townships		190,423
Special Assessments		182,191
Auto License and Use Tax		163,315
Drainage Districts		1,337,486
Other		194,501
		<u>10,402,454</u>
Total for agency funds		<u>\$ 10,402,454</u>

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 874,754
Flood and Erosion		5,000
		<u>879,754</u>
Total		<u>\$ 879,754</u>

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

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	General Obligation Note	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$ 364,000	269,647	197,350	830,997
Increases	-	91,322	195,702	287,024
Decreases	37,000	213,155	189,999	440,154
Balance end of year	\$ 327,000	147,814	203,053	677,867
Due within one year	\$ 38,000	147,814	49,402	185,813

On December 15, 2005, the County issued a \$400,000 general obligation note to evidence its obligation under a loan agreement entered into in a prior year for the purpose of providing funds to pay a portion of the cost of constructing, furnishing and equipping the Lewis and Clark Visitor Center. The proceeds of the general obligation note were used in December 2005 to redeem the outstanding loan. A summary of the County's June 30, 2008 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2009	3.80%	\$ 38,000	13,605	51,605
2010	3.90	39,000	12,161	51,161
2011	4.00	40,000	10,640	50,640
2012	4.10	40,000	9,040	49,040
2013	4.20	41,000	7,400	48,400
2014-2016	4.30 to 4.50	129,000	11,530	140,530
Total		\$ 327,000	64,376	391,376

Drainage Warrants

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

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

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of covered salary for the current year. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$208,356, \$199,557 and \$196,919, respectively, equal to the required contributions for each year.

(8) Risk Management

Monona County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 563 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$230,211.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and a separate employee blanket bond in the amounts of \$1,000,000 and \$200,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Erroneous School District Debt Service Levy

During the year ended June 30, 2008, the County Auditor and County Treasurer learned the West Monona Community School District erroneously certified a debt service levy and collected property tax on a revenue bond obligation during the year ended June 30, 2008. The erroneous certification resulted in a \$148,458 overpayment of property tax by Monona County taxpayers to the School District. In February 2008, the Board of Supervisors approved a resolution requiring the West Monona Community School District to refund the overpaid property tax to the County. The resolution also directs the County Treasurer to refund the overpaid property tax to property owners through a credit on the property tax statement to be paid during the year ending June 30, 2009. The credit for each taxpayer is equivalent to \$0.91759 per \$1,000 of assessed valuation of property for the 2006 assessment year payable in 2007-2008. The \$147,750 due to taxpayers at June 30, 2008 is reflected as a trust payable in the Agency, Schools Fund.

Required Supplementary Information

Monona County

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

Required Supplementary Information

Year ended June 30, 2008

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 4,452,976	-	4,452,976
Interest and penalty on property tax	34,794	-	34,794
Intergovernmental	4,499,140	90,073	4,409,067
Licenses and permits	13,867	-	13,867
Charges for service	274,012	-	274,012
Use of money and property	298,464	-	298,464
Miscellaneous	234,870	179,116	55,754
Total receipts	<u>9,808,123</u>	<u>269,189</u>	<u>9,538,934</u>
Disbursements:			
Public safety and legal services	1,414,218	-	1,414,218
Physical health and social services	653,230	-	653,230
Mental health	925,054	-	925,054
County environment and education	490,368	-	490,368
Roads and transportation	3,516,819	-	3,516,819
Governmental services to residents	318,738	-	318,738
Administration	1,191,175	-	1,191,175
Non-program	199,066	199,066	-
Debt service	293,199	241,225	51,974
Capital projects	595,905	-	595,905
Total disbursements	<u>9,597,772</u>	<u>440,291</u>	<u>9,157,481</u>
Excess (deficiency) of receipts over (under) disbursements	210,351	(171,102)	381,453
Other financing sources, net	91,322	91,322	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	301,673	(79,780)	381,453
Balance beginning of year	<u>3,838,820</u>	<u>199,595</u>	<u>3,639,225</u>
Balance end of year	<u>\$ 4,140,493</u>	<u>119,815</u>	<u>4,020,678</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
4,462,342	4,491,342	(38,366)
34,750	34,750	44
4,180,251	4,225,565	183,502
14,100	14,100	(233)
226,050	226,050	47,962
206,575	206,575	91,889
26,815	26,815	28,939
<u>9,150,883</u>	<u>9,225,197</u>	<u>313,737</u>
1,581,537	1,581,537	167,319
729,920	729,920	76,690
920,443	930,000	4,946
514,276	533,376	43,008
3,554,035	3,629,035	112,216
379,209	386,709	67,971
1,361,724	1,361,724	170,549
-	-	-
51,974	51,974	-
662,500	612,500	16,595
<u>9,755,618</u>	<u>9,816,775</u>	<u>659,294</u>
(604,735)	(591,578)	973,031
-	-	-
(604,735)	(591,578)	973,031
<u>3,132,942</u>	<u>3,132,942</u>	<u>506,283</u>
<u>2,528,207</u>	<u>2,541,364</u>	<u>1,479,314</u>

Monona County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,808,123	63,383	9,871,506
Expenditures	9,597,772	(170,775)	9,426,997
Net	210,351	234,158	444,509
Other financing sources, net	91,322	-	91,322
Beginning fund balances	3,838,820	1,105,146	4,943,966
Ending fund balances	\$ 4,140,493	1,339,304	5,479,797

See accompanying independent auditor's report.

Monona County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$61,157. The budget amendment is reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted by function.

Monona County

Other Supplementary Information

Monona County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2008

	County Attorney Confiscated Property	County Sheriff Confiscated Property	DARE	Jail Trust	Resource Enhancement and Protection	Special County Recorder's Records Management
Assets						
Cash and pooled investments	\$ 27,027	7,579	7,086	24,890	8,850	28,514
Receivables:						
Property tax:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accrued interest	-	-	-	-	209	51
Drainage assessments:						
Current	-	-	-	-	-	-
Future	-	-	-	-	-	-
Due from other governments	-	-	-	-	12,390	-
Total assets	\$ 27,027	7,579	7,086	24,890	21,449	28,565
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ -	-	-	-	-	-
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund equity:						
Fund balances:						
Reserved for:						
Drainage warrants	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved	27,027	7,579	7,086	24,890	21,449	28,565
Total fund equity	27,027	7,579	7,086	24,890	21,449	28,565
Total liabilities and fund equity	\$ 27,027	7,579	7,086	24,890	21,449	28,565

See accompanying independent auditor's report.

Revenue							
County Recorder's Electronic Transaction Fee	Conservation Land Acquisition	Conservation Trust	Drainage Districts	Archer Trust	Debt Service	Total	
308	4,979	3,493	119,815	25,000	184	257,725	
-	-	-	-	-	90	90	
-	-	-	-	-	49,000	49,000	
-	-	-	209	-	-	469	
-	-	-	137,517	-	-	137,517	
-	-	-	54,752	-	-	54,752	
-	320	320	10,876	-	-	23,906	
308	5,299	3,813	323,169	25,000	49,274	523,459	
-	-	-	8,768	-	-	8,768	
-	-	-	-	-	49,000	49,000	
-	-	-	212,198	-	90	212,288	
-	-	-	220,966	-	49,090	270,056	
-	-	-	7,296	-	-	7,296	
-	-	-	-	-	184	184	
308	5,299	3,813	94,907	25,000	-	245,923	
308	5,299	3,813	102,203	25,000	184	253,403	
308	5,299	3,813	323,169	25,000	49,274	523,459	

Monona County

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

Year ended June 30, 2008

	County Attorney Confiscated Property	County Sheriff Confiscated Property	DARE	Jail Trust	Resource Enhancement and Protection	Special County Recorder's Records Management
Revenues:						
Property tax	\$ -	-	-	-	-	-
Intergovernmental	-	-	-	-	35,896	-
Charges for service	-	-	-	10,395	-	1,712
Use of money and property	-	-	-	-	939	974
Miscellaneous	-	-	3,775	-	-	-
Total revenues	-	-	3,775	10,395	36,835	2,686
Expenditures:						
Operating:						
County environment and education	-	-	2,500	-	37,419	-
Non-program	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	-	-	2,500	-	37,419	-
Excess (deficiency) of revenues over (under) expenditures	-	-	1,275	10,395	(584)	2,686
Other financing sources:						
Operating transfers in	-	-	-	-	-	-
Drainage warrant proceeds	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	-	1,275	10,395	(584)	2,686
Fund balances beginning of year	27,027	7,579	5,811	14,495	22,033	25,879
Fund balances end of year	\$ 27,027	7,579	7,086	24,890	21,449	28,565

See accompanying independent auditor's report.

Revenue								
County	Recorder's	Conservation	Conservation	Drainage	Flood	Archer	Debt	Total
Recorder's	Land	Trust	Districts	and	Trust	Service		
Electronic	Acquisition			Erosion				
Transaction Fee								
-	-	-	-	-	-	48,950	-	48,950
-	-	-	81,020	-	-	3,124	-	120,040
-	-	-	-	-	-	-	-	12,107
8	-	-	88	-	-	-	-	2,009
-	5,171	1,072	179,116	-	25,000	-	-	214,134
8	5,171	1,072	260,224	-	25,000	52,074	-	397,240
-	-	390	-	5,000	-	-	-	45,309
-	-	-	198,781	-	-	-	-	198,781
-	-	-	241,225	-	-	51,974	-	293,199
-	-	390	440,006	5,000	-	51,974	-	537,289
8	5,171	682	(179,782)	(5,000)	25,000	100	-	(140,049)
-	-	-	-	5,000	-	-	-	5,000
-	-	-	91,322	-	-	-	-	91,322
-	-	-	91,322	5,000	-	-	-	96,322
8	5,171	682	(88,460)	-	25,000	100	-	(43,727)
300	128	3,131	190,663	-	-	84	-	297,130
308	5,299	3,813	102,203	-	25,000	184	-	253,403

Monona County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	2,185	127,135	107,246	5,371
Other County officials	919	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	223	464	10,806	639
Succeeding year	-	120,000	249,000	5,799,000	342,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	148,458	-
Total assets	\$ 919	122,408	376,599	6,065,510	348,010
Liabilities					
Accounts payable	\$ -	-	-	-	-
Due to other governments	108	122,408	369,998	5,917,052	348,010
Deferred revenue	-	-	-	-	-
Trusts payable	811	-	-	148,458	-
Compensated absences	-	-	6,601	-	-
Total liabilities	\$ 919	122,408	376,599	6,065,510	348,010

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
29,772	2,981	3,524	163,315	1,568,881	169,159	2,179,569
-	-	-	-	-	-	919
2,190	442	-	-	-	3	14,767
1,545,000	187,000	-	-	-	1,400	8,243,400
-	-	-	-	-	23,670	23,670
-	-	-	-	-	132	132
-	-	178,667	-	-	-	178,667
-	-	-	-	14,329	-	14,329
-	-	-	-	12,033	-	12,033
-	-	-	-	108,965	1,903	259,326
<u>1,576,962</u>	<u>190,423</u>	<u>182,191</u>	<u>163,315</u>	<u>1,704,208</u>	<u>196,267</u>	<u>10,926,812</u>
-	-	-	-	3,959	346	4,305
1,576,962	190,423	182,191	163,315	1,337,486	194,501	10,402,454
-	-	-	-	362,763	-	362,763
-	-	-	-	-	-	149,269
-	-	-	-	-	1,420	8,021
<u>1,576,962</u>	<u>190,423</u>	<u>182,191</u>	<u>163,315</u>	<u>1,704,208</u>	<u>196,267</u>	<u>10,926,812</u>

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 2,741	121,022	325,244	5,911,987	297,143
Additions:					
Property and other county tax	-	120,049	263,597	5,801,360	342,843
E911 surcharges	-	-	-	-	-
State tax credits	-	7,727	14,051	377,537	18,993
Electronic transaction fees	-	-	-	-	-
Office fees and collections	285,542	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	28,734	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	314,276	127,776	277,648	6,178,897	361,836
Deductions:					
Agency remittances:					
To other funds	168,543	-	-	-	-
To other governments	108,488	126,390	226,293	6,173,832	310,969
Trusts paid out	39,067	-	-	-	-
Total deductions	316,098	126,390	226,293	6,173,832	310,969
Balances end of year	\$ 919	122,408	376,599	5,917,052	348,010

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
1,674,618	183,214	102,780	202,173	1,083,797	225,008	10,129,727
1,503,635	187,979	-	-	-	1,789	8,221,252
-	-	-	-	-	101,470	101,470
127,364	10,898	-	-	-	90	556,660
-	-	-	-	-	2,082	2,082
-	-	-	-	-	-	285,542
-	-	-	2,295,586	-	-	2,295,586
-	-	121,805	-	599,442	-	721,247
-	-	-	-	-	137,437	166,171
-	-	-	-	566,408	59,414	625,822
1,630,999	198,877	121,805	2,295,586	1,165,850	302,282	12,975,832
-	-	-	95,209	-	-	263,752
1,728,655	191,668	42,394	2,239,235	545,439	190,250	11,883,613
-	-	-	-	-	140,773	179,840
1,728,655	191,668	42,394	2,334,444	545,439	331,023	12,327,205
1,576,962	190,423	182,191	163,315	1,704,208	196,267	10,778,354

Monona County

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

For the Last Eight Years

	2008	2007	2006
Revenues:			
Property and other county tax	\$ 4,469,333	4,086,415	3,792,577
Interest and penalty on property tax	34,794	34,660	36,065
Intergovernmental	4,566,620	4,119,028	4,404,664
Licenses and permits	13,291	4,782	14,988
Charges for service	243,990	244,281	254,502
Use of money and property	281,898	273,883	220,167
Miscellaneous	261,580	227,401	242,476
Total	\$ 9,871,506	8,990,450	8,965,439
Expenditures:			
Operating:			
Public safety and legal services	\$ 1,410,859	1,524,442	1,366,019
Physical health and social services	648,216	642,486	678,994
Mental health	947,118	876,352	731,575
County environment and education	484,672	422,869	409,006
Roads and transportation	3,225,385	3,616,304	3,560,787
Governmental services to residents	317,837	299,698	420,487
Administration	1,186,945	1,192,533	1,226,434
Non-program	198,781	214,719	140,830
Debt service	293,199	118,219	71,399
Capital projects	713,985	333,017	659,460
Total	\$ 9,426,997	9,240,639	9,264,991

See accompanying independent auditor's report.

Modified Acrual Basis				
2005	2004	2003	2002	2001
3,515,823	3,844,985	3,960,037	4,025,280	3,251,311
29,574	32,998	29,779	36,635	27,592
4,840,236	4,380,663	3,964,265	4,240,160	4,514,153
8,383	6,894	4,428	5,065	5,311
266,643	256,727	232,201	222,179	185,234
135,752	115,425	149,762	214,789	294,075
160,735	202,117	319,966	638,430	259,866
8,957,146	8,839,809	8,660,438	9,382,538	8,537,542
1,286,130	1,236,371	1,342,558	1,147,604	1,296,869
683,490	663,052	659,620	669,676	613,781
704,122	743,359	713,374	799,518	801,328
457,116	431,777	480,139	477,124	470,445
3,705,814	3,762,048	3,024,313	3,663,506	3,751,110
270,144	285,714	263,465	296,038	296,632
995,626	1,024,697	1,048,211	1,010,075	916,023
63,758	61,913	160,425	415,278	145,575
55,308	71,039	323,124	184,230	242,437
518,434	2,098,484	263,873	708,162	771,318
8,739,942	10,378,454	8,279,102	9,371,211	9,305,518

Schedule 6

Monona County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administration Reimbursements:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		\$ 12,193
Hungry Canyons Alliance:			
Soil and Water Conservation	10.902		14,235
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Safety Belt Performance Grants	20.609	08-157 Task 120	4,000
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Siouxland Aging Services, Inc.:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		2,801
Iowa Department of Public Health:			
Siouxland District Health Department:			
Public Health Emergency Preparedness	93.069	5888BT03	14,679
Family Planning Services	93.217	5888MH08	3,094
Immunization Grants	93.268	5887I455	4,030
Immunization Grants	93.268	5888I492	1,859
			5,889
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		12,674
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,179
Foster Care -Title IV-E	93.658		7,846
Adoption Assistance	93.659		1,887
State Children's Insurance Program	93.767		107
Medical Assistance Program	97.778		16,442
Social Services Block Grant	93.667		8,315
Social Services Block Grant	93.667		45,793
			54,108
Maternal and Child Health Services Block Grant to the States	93.994	5888MH08	808

Monona County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2008

	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763 DR IA	2,020
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1705 DR IA	443,178
			<u>445,198</u>
Emergency Management Performance Grants	97.042		<u>11,480</u>
Total			<u>\$ 610,620</u>

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

See accompanying independent auditor's report.

Monona County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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Des Moines, Iowa 50319-0004

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

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated April 23, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Monona County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than inconsequential will not be prevented or detected by Monona County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Monona County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-08 and II-B-08 are material weaknesses.

Compliance and Other Matters

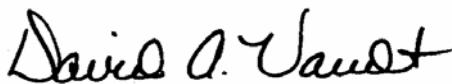
As part of obtaining reasonable assurance about whether Monona County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

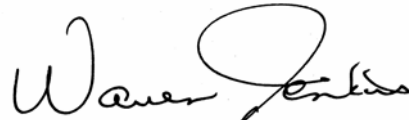
Monona County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Monona County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Monona County and other parties to whom Monona County may report, including federal awarding agencies and pass through entities. 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 Monona County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 23, 2009



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Officials of Monona County:

Compliance

We have audited the compliance of Monona County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2008. Monona County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Monona County's management. Our responsibility is to express an opinion on Monona County's compliance based on our audit.

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

In our opinion, Monona County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a significant deficiency and a material weakness.

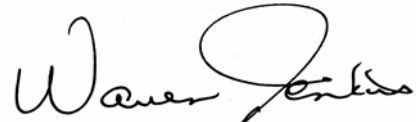
A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We consider the significant deficiency in internal control described in Part III of the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

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

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 23, 2009

Monona County
Schedule of Findings and Questioned Costs
Year ended June 30, 2008

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements. The significant deficiency is considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Monona County did not qualify as a low-risk auditee.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

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

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

Responses –

Treasurer – We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, we have made adjustments to allow the Monona County Treasurer's clerk and the Treasurer help in the process with collection, deposit preparation and reconciliation functions. We implemented these changes in August 2008.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Responses:

Sheriff – I will assign current personnel to reviewing bank deposits and outstanding checks. We will also complete the requested accounting procedures on the computer.

Recorder – The Recorder will have an employee from the microfilm office balance the check books, and the Recorder and deputy will review or initial reconciliations.

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

County Extension – There are three staff employed at the Monona County Extension Office. Practices for segregation of duties are followed according to the Monona County Agricultural Extension District fiscal policy with the Extension Council delegating the responsibility for the day-to-day operation of the fiscal policy to the County Extension Education Director (CEED) with consideration for cost of internal controls vs. anticipated benefits. CEED opens bills and bank statements and reviews all reports and vouchers. The office assistant enters all transactions in the accounting system and prepares checks, deposits, and reports. The Extension Council Treasurer signs checks which are then initialed by the Extension Council Chairman. All three office staff receipt cash and checks received before counting and receipt by the office assistant. CEED regularly reviews fiscal records on the electronic system.

Conclusions –

Treasurer – Response accepted.

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

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

Secondary Roads – Response accepted.

County Extension – Response accepted.

II-B-08 Financial Reporting – During the audit, we identified material amounts of receivables, payables and a capital asset addition not recorded in the County's financial statements. Adjustments were subsequently made by the County to include these amounts in the financial statements.

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

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Response – We have reviewed procedures and plan to make necessary changes to improve recording of payables and receivables in a timely manner. Regarding capital assets, procedures are established to ensure this. Memos are sent out each year to all departments with instructions to attach inventory cards with each claim for payment to identify property for capital assets listing. Not all departments are responding. Claims will not be submitted for payment until inventory cards are received.

Conclusion – Response accepted.

- II-C-08 County Sheriff – The inmate and commissary account book balances were not reconciled to bank balances at the end of each month. A monthly list of outstanding checks and trusts on hand were not prepared for each account.

Recommendation – Book balances should be reconciled to bank balances at the end of each month and a monthly list of outstanding checks and trusts on hand should be prepared and retained for each account.

Response – I along with designated personnel will reconcile and initial these accounts. We will implement the auditors requested spreadsheets.

Conclusion – Response accepted.

- II-D-08 County Recorder – The Recorder did not reconcile book balances to bank balances at the end of each month and a monthly list of outstanding checks was not prepared.

Recommendation – Book balances should be reconciled to bank balances at the end of each month and a monthly list of outstanding checks should be prepared and retained.

Response – A form supplied by the State Auditor’s office will be used to ensure the accounts are reconciled each month.

Conclusion – Response accepted.

- II-E-08 County Sheriff Credit Card Purchases – During the year, \$35 of late fees and \$7 of interest were assessed on the County Sheriff’s credit card.

Recommendation – The County should establish procedures to ensure the timely payment of all bills to avoid late fees and interest.

Response – Procedures to pay bills on a weekly basis has been established by our new County Auditor and seems to have cured our late payments.

Conclusion – Response accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

II-F-08 Electronic Data Processing Systems – The County has not developed a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The Board will appoint a committee with the input of the IT person to develop a disaster recovery plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCY:

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

Pass-through Agency Number: FEMA 1705 DRIA

Federal Award Year: 2008

U.S. Department of Homeland Security

Passed through the Iowa Department of Public Defense

III-A-08 Segregation of Duties over Federal Revenues – The County Treasurer did not properly segregate collection, deposit preparation and reconciliation functions for revenues, including those relating to federal programs. See item II-A-08.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted by function.
- IV-B-08 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-08 Business Transactions – No business transactions between the County and County officials or employees were noted.
- IV-E-08 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

The County Board of Supervisors went into closed session on March 25, 2008 to discuss applications for the County Engineer position. The County did not obtain requests from the applicants the session be closed as required by Chapter 21.5(i) of the Code of Iowa.

Recommendation – The County should comply with Chapter 21.5 of the Code of Iowa.

Response – Before entering into closed sessions, all necessary steps will be taken to ensure proper procedures are followed.

Conclusion – Response accepted.

- IV-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-08 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-08 Outstanding Warrants – The County Auditor did not cancel warrants outstanding more than one year as required by Chapter 331.554(7) of the Code of Iowa.

Recommendation – County warrants outstanding more than one year should be cancelled as required.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Response – The County Auditor began the process to cancel the warrants on April 18, 2008. The process was finalized May 27, 2008 with documentation for the Treasurer to cash off or receipt warrants back to departments. An outstanding warrant included in the above process was not properly cancelled. Necessary steps will be taken to cancel the warrant.

Conclusion – Response accepted.

IV-J-08 Outstanding Checks – The County Treasurer did not cancel all checks outstanding more than one year as required by Chapter 331.554(6) of the Code of Iowa.

Recommendation – Checks outstanding more than a year should be cancelled as required.

Response – Checks outstanding have been cleared in accordance with the Code.

Conclusion – Response accepted.

IV-K-08 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

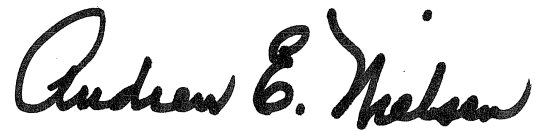
Disbursements during the year ended June 30, 2008 for the County Extension Office did not exceed the amount budgeted.

Monona County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Michael J. Hackett, Senior Auditor
Marta M. Sobieszkoda, Staff Auditor
Michael L. Castognolli, Assistant Auditor
Rosemary E. Nielsen, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State