CERRO GORDO COUNTY

IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

CERRO GORDO COUNTY, IOWA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007

Prepared by: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

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YEAR ENDED JUNE 30, 2007
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CERRO GORDO COUNTY, IOWA

OFFICIALS
June 30, 2007

(Before January 2007)

Board of Supervisors

Name	Term Expires	Address
Robert Amosson	January 2007	Rockwell, Iowa
Phillip Dougherty	January 2009	Dougherty, Iowa
Jay Urdahl	January 2009	Mason City, Iowa

Officers

Name	Term Expires	Title
Kenneth Kline	January 2009	Auditor
Michael J. Grandon	January 2007	Treasurer
Colleen Pearce	January 2007	Recorder
Kevin Pals	January 2009	Sheriff
John Boedeker	Appointed	County Assessor
Robert Zinnel	Appointed	City Assessor
Paul Martin	January 2007	County Attorney

(After January 2007)

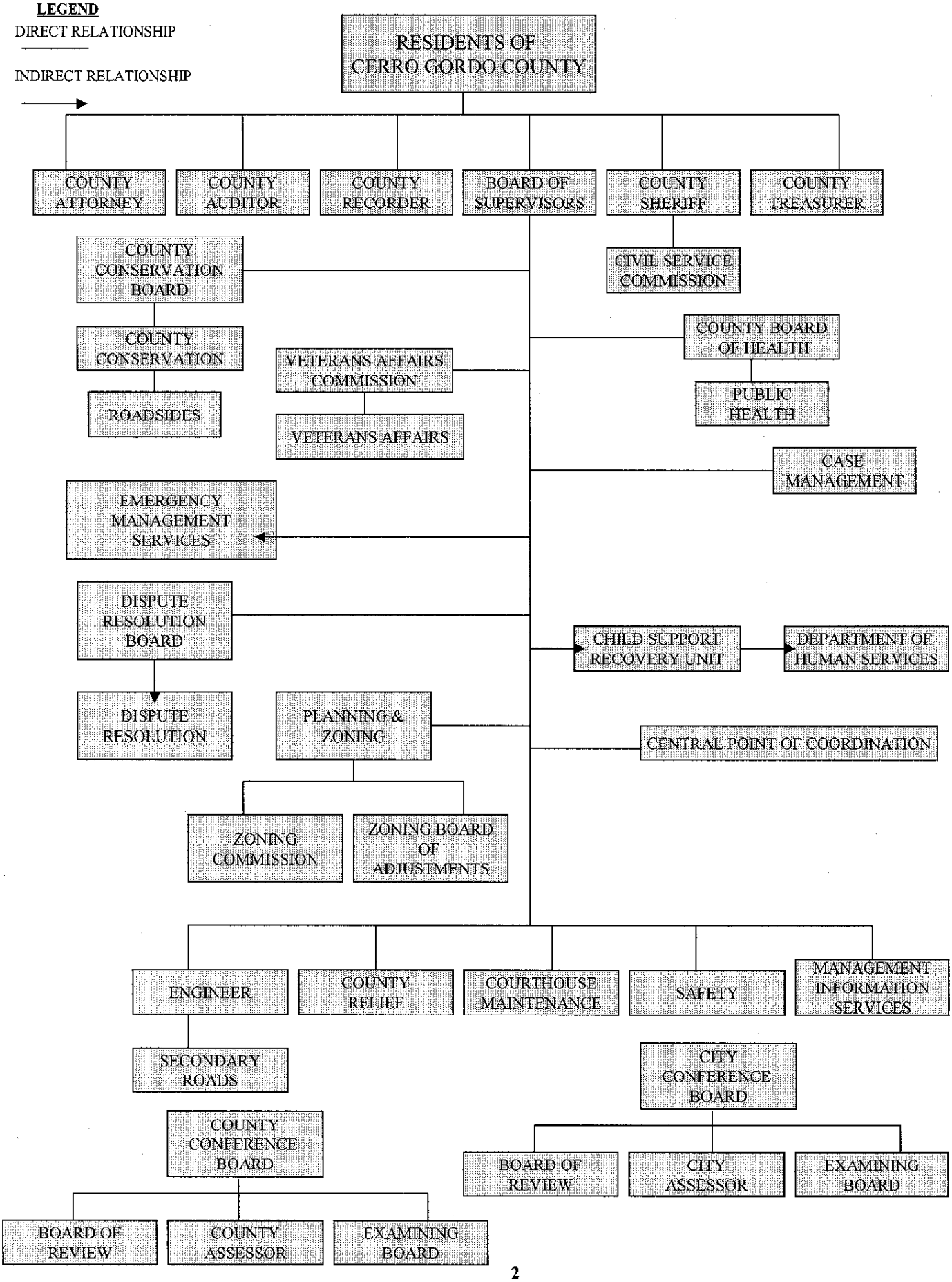
Board of Supervisors

Name	Term Expires	Address
Robert Amosson	January 2011	Rockwell, Iowa
Phillip Dougherty	January 2009	Dougherty, Iowa
Jay Urdahl	January 2009	Mason City, Iowa

Officers

Name	Term Expires	Title
Kenneth Kline	January 2009	Auditor
Michael J. Grandon	January 2011	Treasurer
Colleen Pearce	January 2011	Recorder
Kevin Pals	January 2009	Sheriff
John Boedeker	Appointed	County Assessor
Robert Zinnel	Appointed	City Assessor
Paul Martin	January 2011	County Attorney

CERRO GORDO COUNTY ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

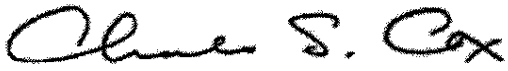
Presented to

Cerro Gordo County

Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

County Auditor
Cerro Gordo County Courthouse

220 N Washington Ave
Kenneth W. Kline, Auditor
www.co.cerro-gordo.ia.us

Mason City, IA 50401-3254

(641) 421-3028
FAX (641) 421-3139

December 19, 2007

County Board of Supervisors and Citizens
Cerro Gordo County, Iowa

The Comprehensive Annual Financial Report (CAFR) for the County of Cerro Gordo, Iowa (the "County") for the fiscal year ended June 30, 2007, is hereby submitted in accordance with the provisions of Section 331.403 of the Code of Iowa.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Gardiner Thomsen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2006 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2006, indicating that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of Cerro Gordo County

Cerro Gordo County was organized in 1855. The County is governed by a three-member board, each elected by citizens in one of the three districts. Board members serve over-lapping four-year terms, with elections held every two years. The Board is the legislative body of the County, which annually adopts a budget and establishes tax rates to support County programs.

The County provides a full range of services to its citizens. These services include public safety, parks, planning and zoning, service to people with mental disabilities, construction and maintenance of secondary roads, physical health and social services, property assessment and taxation, and general administrative services. The County also provides a management information services department utilized by other governmental entities.

The Board of Supervisors is required to adopt a final budget by no later than March 15th for the fiscal year beginning the following July 1st. This annual budget serves as the foundation for the County's financial planning and control. The State of Iowa requires the adoption of an annual budget with total County operating expenditures listed by major program service area. Activities of the general fund, special revenue funds, capital projects funds, and debt service fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total function/program service area level. In addition, individual County officials' expenditures cannot exceed the amounts appropriated by the Board.

Factors Affecting Financial Condition

Local Economy

Cerro Gordo County, with the Cities of Mason City, Clear Lake, and eight smaller cities, is the twelfth largest of ninety-nine counties in the state, and serves as a regional center for north central Iowa in the areas of commerce, industry, retail shopping, higher education, and health care services. The surrounding area has an economic base that is historically agricultural in nature, but Cerro Gordo County also has several strong industries and commercial enterprises. With a low rate of unemployment and the lack of a single, dominant employer, the economy of the area is dynamic, robust, and broad-based. The City of Mason City is the largest city in Cerro Gordo County, with about two-thirds of the County's 46,000 population.

Tourism is an important industry in Cerro Gordo County, largely due to Clear Lake, which, at 3,865 acres, is the third largest natural lake in Iowa, and is the namesake of the surrounding city.

Although educational systems in the entire north central Iowa area are well known for their quality of education, Cerro Gordo County has become a regional center for higher learning. Drake University of Des Moines offers several programs at the Masters level in coordination with the North Iowa Area Community College (NIACC). This adds to the wide range of baccalaureate programs offered at NIACC by Buena Vista College of Storm Lake, and Hamilton College, which offers AAS and BA degrees.

Cerro Gordo County serves as a regional hub for transportation with an airport, three railroad branch lines, Interstate 35, which runs north-south the length of the County, and the "Avenue of the Saints", the link between Interstates 35 and 80.

The County is a regional center for health care services. The City of Mason City has the third highest number of physicians per capita in the State, trailing only the Cities of Des Moines and Iowa City. Mercy Medical Center - North Iowa is the County's largest employer with two facilities and with affiliated clinics and hospitals in a 14-county region. The 350-bed health center employed more than 2,600 people during the fiscal year and had supporting services from more than 200 physicians, physician assistants, and nurse practitioners. Mercy Health Network – North Iowa consists of a secondary referral medical center, Mercy Medical Center – North Iowa; Mercy Clinics; a primary and specialty physician network; a home health agency; a hospice; a senior services agency; a regional referral laboratory; regional rehabilitation and diagnostic technology services; an emergency services network; pharmacies, and a variety of other health care services.

In general economic news for the fiscal year, Mason City's cost of living for the second quarter of 2006 was 88.8% of the national average, according to the ACCRA Cost of Living Index. The number of persons employed in the county went from 25,620 to 24,980, a decrease of 2.5% from December 2005 to December 2006, according to figures from Iowa Workforce Development. Taxable sales in Cerro Gordo County grew 8.0% from $162.3 million to $175.3 million comparing the second quarters of calendar years 2005 and 2006, according to figures from the Iowa Department of Revenue.

Industrial news for the fiscal year was highlighted by the closing of the IMI Cornelius manufacturing plant. The company was the sixth-largest manufacturing employer in the City of Mason City, and had been in business for 20 years, following the buy-out of the Schneider Manufacturing plant. The closing put 174 persons out of work. At its peak the plant employed more than 400 people.

Major Initiatives

Construction of a new law enforcement complex on fifteen acres of land owned by the county remained on schedule during the fiscal year. Voters at a special election on September 6, 2005 approved the issuance of $13.5 million in general obligation bonds for the new jail. The complex will house the jail, sheriff's offices, a courtroom, judicial chamber, attorney's office, and will be equipped with audio/visual for arraignments and initial court appearance hearings. The jail will have a capacity of 140 beds, an increase from the current 63-bed capacity, based on projections of need for the next twenty years.

Another major initiative was the updating of areas of the County's aerial photography in the spring of 2007. The County piggy-backed on a contract between the City of Mason City, which was obtaining updated aerial photos citywide, and The Sidwell Company, out of St. Charles, Illinois. The County focused its efforts on areas that had experienced substantial growth since the complete aerial photography was captured in 2002.

Cash Management

The County's investment policy is to ensure the safety of public funds by minimizing credit and market risk while maintaining a competitive yield on its portfolio. Idle funds during the year were invested in those investments authorized by law and included certificates of deposit and interest bearing bank accounts. Interest revenue on all governmental fund investments for the fiscal year was $1,151,556, up $615,904, a 115% increase from the prior fiscal year.

Risk Management

Up until June 30, 2006, Cerro Gordo County was self-insured for employee health insurance. As of July 1, 2006, the county migrated to a partially self-insured program. The Safety Department manages other types of insurance, including worker's compensation, general liability, property, fleet, law enforcement professionals, public officials, and tort. The Safety Department has developed a risk management program which includes drug screenings, physicals and return-to-work exams; a case management program administered by the County's insurance carrier; deductibles of $500 on worker's compensation claims, $5,000 on buildings, $500 on inland marine, $5,000 on crime, $10,000 on law enforcement, $10,000 on public officials, $1,000 on employee benefits, and $250 to $500 on motor vehicles; and, the retention of a doctor to deal with occupational medicine and to administer the required drug testing. The County has also developed programs including, but not limited to Bloodborne Pathogens, Tuberculosis, and Right to Know. Periodic training is offered in Defensive Driving and in the use of fire extinguishers. Annual hearing tests are provided for certain required employees. A drug-testing program is in place pursuant to US Department of Transportation rules for county employees who are required to possess a commercial driver's license.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cerro Gordo County, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the eleventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been completed without the cooperation and services of the staffs of the County Auditor's and Treasurer's offices. Gratitude is also expressed to the independent auditors, Gardiner Thomsen, who provided endless support and assistance in preparing this report, and to the Cerro Gordo County Board of Supervisors for their interest and support.

Respectfully submitted,

Heather R Mathre

Heather R. Mathre, CPA
Finance Assistant
Office of the County Auditor
Cerro Gordo County, Iowa

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Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cerro Gordo 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, business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County at June 30, 2007, 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 issued our report dated December 19, 2007 on our consideration of the 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 9 through 18 and 46 through 48 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 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 Cerro Gordo 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 three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. The combining and nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information for the year ended June 30, 2007 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been compiled from County records by County personnel, has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

December 19, 2007

Gardiner Thomsen, P.C.

P.O. Box 216 • Charles City, IA 50616-0216 • Phone: (641) 228-7096 • Fax: (641) 228-7103 • www.gardinercpa.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cerro Gordo 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, 2007. We encourage readers to consider the information presented here in conjunction with additional information presented in the transmittal letter beginning on page 4, and the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Cerro Gordo County governmental fund revenues increased 7.3% or $2,021,860 from $27,820,617 in fiscal year 2006 (FY06) to $29,842,477 in fiscal year 2007 (FY07). Property taxes and other county taxes increased $1,663,898 and use of money and property revenues increased $609,116 from FY06.

- Cerro Gordo County governmental fund expenditures for FY07 were $34,329,688, an increase of $6,500,996 from $27,828,692 in FY06. This was contributable to: a $4,625,668 increase in capital projects due to construction of the new law enforcement center, an additional $922,088 in debt service expenditures due to the jail bonds, and increased public safety and legal service expenditures of $757,909 from the start of a new joint dispatch center.

- The assets of the county exceeded liabilities at the end of the fiscal year ended June 30, 2007 by $39,415,382(net assets). Of this amount, $4,465,515 is unrestricted and may be used to meet the County's ongoing obligations. For fiscal year ended June 30, 2006, assets exceeded liabilities by $29,240,631, of which $3,021,410 was unrestricted

- Cerro Gordo County's net assets increased 34.8% or approximately $10,174,751 at June 30, 2007. Government activities increased $10,257,853 and business-type activities decreased by $83,102. For fiscal year ended June 30, 2006, total net assets increased $8,283,786. Governmental activities increased $8,350,957 and business-type activities decreased $67,171.

- Cerro Gordo County's governmental funds reported combined ending fund balances of $18,215,894, an increase of $8,739,950 in comparison with the FY06 fund balances of $9,475,944. Approximately 92% of the total amount, $16,815,584 is available for spending at the County's discretion (unreserved fund balance).

- Cerro Gordo County's general long-term debt, excluding compensated absences and claims payable, increased by $12,334,695 during the fiscal year, from $1,115,698 in FY06 to $13,450,393 in FY07. This change was due to scheduled debt payments of $1,165,305, and the issuance of $13,500,000 general obligation capital loan notes during FY07.

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 government's financial activities.

The Government-wide Financial Statements consist of the Statements of Net Assets and the Statement of Activities (on pages 19-21). These provide information about the activities of the County as a whole and present a longer-term view of the County's finances.

The Fund Financial Statements (starting on page 22) tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Cerro Gordo 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 Cerro Gordo County acts solely as an agent or custodian for the benefit of those outside of the government.

The Financial Statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

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

Supplemental Information provides detailed information about the nonmajor special revenue and the individual fiduciary funds.

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activitics

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 about activities in a way the helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This 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 fiscal year. All changes in net assets are reported as soon as the event or 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 displayed 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, government services to residents, administration or general government, interest on long-term debt, and other non-program activities. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin on page 22 and provide detailed information about individual, significant funds; not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes.

Cerro Gordo County has three kinds of funds:

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

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

2) Cerro Gordo County maintains two types of proprietary funds: internal service funds and enterprise funds.

    a) Cerro Gordo County has two internal service funds: Central Services Fund and Health Insurance Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

    b) Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business. Cerro Gordo County maintains two enterprise funds: Meservey Wastewater Collection & Treatment Facility and Swaledale Wastewater Collection & Treatment Facility.

The proprietary funds required financial statements 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 and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management, county assessor, and city assessor to name a few.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 32.

Supplemental Information

The supplemental information begins on page 49 and provides detailed information about the non-major governmental funds and the individual fiduciary funds. In addition, the Single Audit Section provides details of the various Federal awards received by the County.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Cerro Gordo County's net assets increased $10,174,751 from $29,240,631 to $39,415,382. The analysis below focuses on the net assets and changes in net assets of our government and business-type activities.

Cerro Gordo County's Net Assets
June 30, 2007

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	$34,300,122	$24,800,865	$88,974	$94,814	$34,389,096	$24,895,679
Capital assets	33,052,622	19,178,528	2,238,397	2,323,681	35,291,019	21,502,209
Total assets	43,979,393	43,979,393	2,327,371	2,418,495	46,306,764	46,397,888
Long-term debt outstanding	14,133,316	1,810,170	595,379	603,748	14,728,695	2,413,918
Other liabilities	15,535,368	14,743,016	670	323	15,536,038	14,743,339
Total liabilities	29,668,684	16,553,186	596,049	604,071	17,157,257	17,157,257
Net assets:						
Invested in capital assets, net of related debt	25,918,908	19,084,939	1,971,672	1,765,188	27,890,580	20,850,127
Restricted	7,059,287	5,369,094	0	0	7,059,287	5,369,094
Unrestricted	4,705,865	2,972,174	(240,350)	49,236	4,465,515	3,021,410
Total net assets	$37,684,060	$27,426,207	$1,731,322	$1,814,424	$39,415,382	$29,240,631

The largest portion of the County's net assets, 70.8%, is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The County uses these capital assets to provide services to citizens, therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities.

A restricted portion of the County's net assets, 17.9% or $7,059,287, represents resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. The remaining balance of 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 – is $4,465,515 or 11.3%.

The County's net assets increased by $10,174,751 during the current fiscal year. The governmental-type activities increased by $10,257,853 and the business-type activities decreased $83,102.

The following table highlights the County's revenues and expenses for the fiscal year ended June 30, 2007 and 2006. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales and services, operating grants and contributions and capital grants and contributions. General Revenue includes taxes, investment income and other unrestricted revenue sources.

Cerro Gordo County's Changes in Net Assets
June 30, 2007

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for service and sales	$2,213,004	$3,626,525	$60,990	$70,251	$2,273,994	$3,696,776
Operating grants and contributions	10,668,131	9,019,060	0	0	10,668,131	9,019,060
Capital grants and contributions	850,690	5,216,480	0	0	850,690	5,216,480
General Revenues						
Property taxes	13,255,634	11,701,608	0	0	13,255,634	11,701,608
Penalty & interest on property tax	130,746	139,522	0	0	130,746	139,522
State tax credits	498,856	483,123	0	0	498,856	483,123
Local option sales & service tax	1,520,121	1,411,660	0	0	1,520,121	1,411,660
Grants and contributions not restricted to specific purposes	0	68,051	0	0	0	68,051
Unrestricted investment earnings	1,141,111	533,762	0	0	1,411,111	533,762
Miscellaneous	339,750	848,945	0	0	339,750	848,945
Total revenues	**30,618,043**	**33,048,736**	**60,990**	**70,251**	**30,679,033**	**33,118,987**
Expenses:						
Public safety and legal services	5,598,566	4,827,135	0	0	5,598,566	4,827,135
Physical health and social services	4,730,060	4,274,119	0	0	4,730,060	4,274,119
Mental health	5,851,088	5,617,449	0	0	5,851,088	5,617,449
County environment and education	1,128,411	1,291,161	0	0	1,128,411	1,291,161
Roads and transportation	6,085,524	4,996,566	0	0	6,085,524	4,996,566
Government services to residents	895,995	892,862	0	0	895,995	892,862
Administration or general government	2,227,192	2,441,271	0	0	2,227,192	2,441,271
Non-program	266,798	319,240	144,092	137,422	410,890	456,662
Interest on long-term debt	604,169	37,976	0	0	604,169	37,976
Total expenses	**27,387,803**	**24,697,779**	**144,092**	**137,422**	**27,531,895**	**24,835,201**
Increase (decrease) in net assets	**3,230,240**	**8,350,957**	**(83,102)**	**(67,171)**	**3,147,138**	**8,283,786**
Net assets July 1, (see Note 19)	34,453,820	19,075,250	1,814,424	1,881,595	36,268,244	20,956,845
Net assets June 30,	**37,684,060**	**27,426,207**	**1,731,322**	**1,814,424**	**39,415,382**	**29,240,631**

Governmental Activities

Revenues for governmental activities decreased 7.35%, or $2,430,693 over the prior year. Capital grants and contributions decreased $4,365,790 due to less grants received for Roads and Transportation projects. Property tax revenues increased $1,554,026 due to a planned increase in the overall tax rate. Unrestricted investment earnings also increased $607,349 due to higher investment rate of return.

The cost of all governmental activities this year was $27,387,803, an increase of $2,690,024 over the prior years' $24,697,779. However, as shown in the Statement of Activities on page 20-21, the amount the taxpayers ultimately financed for these activities through County taxes was only $13,655,978 because some of the cost was paid by those that directly benefited from the programs, or by other governments and organizations that subsidized certain programs with grants and contributions.

Roads and transportation expenses were $1,088,958 higher than the prior year due to additional projects that were completed in FY07. Public safety and legal services also experienced an increase in expenses of $771,431

due to the newly formed joint dispatch department for Cerro Gordo County and the City of Mason City. Interest on long-term debt increased $566,193 due to the additional capital loan notes issued for the law enforcement center.

Cerro Gordo County increased the countywide tax rate from 6.19934 in FY06 to 6.59468 for FY07, and the rural rate stayed constant at 3.51050. The combined increases in tax rates resulted in increased property tax dollars of approximately $270,000 for general purposes, $858,000 for debt service, and $30,000 for rural purposes.

Business-Type Activities

Business-type activities decreased the County's net assets by $83,102.

The County's Individual Major Funds

As Cerro Gordo County completed the year, its governmental funds reported a combined fund balance of $18,215,894, which is an increase of $8,739,950 or 92.2% over the combined fund balance for FY06. Of this amount, $16,815,584 represents the unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed. The following are the major reasons for the changes in fund balances from the prior year:

- The General Fund, as the main operating fund for Cerro Gordo County, ended FY07 with a 52% ending fund balance totaling $5,142,234. This is a $1,053,813 increase from the prior year's $4,088,421 fund balance. The key factors for the increase was an additional $502,976 in property and other county taxes, an additional $406,716 in intergovernmental revenues and increased use of money and property revenues of $261,658. The largest increase for expenditures was the public safety and legal services function with $746,846. After a year of planning, the Cerro Gordo County Sheriff's Department assumed the dispatch duties for the Mason City Police Department and the Mason City Fire Department effective May 1, 2006. Under the agreement, fifteen dispatch personnel from the Mason City Police Department were absorbed into the Cerro Gordo County Sheriff's Department.

- Cerro Gordo County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled $5,861,602, an increase of 4.5% over last year's expenditures of $5,611,348 due to an increase in the number of persons served. Revenues increased $791,866, mainly due to State funding. The Mental Health Fund balance increased from $502,317 to $630,368 in FY07, a 10.7% fund balance.

- The Rural Services Fund had a fund balance that increased $214,479 to $449,646 from the prior year ending balance of $235,167, a result of the additional property and other county taxes received. Revenues increased $153,154, from $1,761,237 in FY06 to $1,914,391 in FY07.

- The Secondary Roads Fund expenditures drastically decreased by $1,147,770 or 18.2%, from $6,313,085 in FY06 to $5,165,315 in FY07. This was largely due to extensive roadway construction completed in FY06 as the County continued to upgrade the condition of the County roadway system. The Secondary Road Fund balance increased $422,049, from $2,880,485 in FY06 to $3,302,534 in FY07.

- The Public Health Fund ended FY07 with a $656,143 fund balance, a $99,895 increase over the prior year's balance of $556,248. Expenditures increased $69,958, or 2.6% over the prior year. Revenues

decreased 1.1%, or $20,415 due to the less intergovernmental and miscellaneous revenues. Another factor for the increase in fund balance is the additional $32,444 Other Financing Source – transfer from general fund to be used for operations.

- The Debt Service Fund had a fund balance of $65,005, all of which is reserved for the payment of debt.
- The Capital Projects fund balance was 6,089,979 at June 30, 2007. This fund balance will be used during the next fiscal year to complete construction of the new law enforcement center.

Budgetary Highlights

The county budget is based on ten functions/service areas as required by the State, not by fund or fund type. Over the course of the year, Cerro Gordo County amended its budget once. The budgetary comparison schedule on pages 46-47 provide more information. The amendment was made in May 2007 and resulted in the following:

Revenues and Other Financing Sources increased $15,161,529, which included:

- Increase of $379,036 in local option sales and service tax and utility excise tax.
- Approximately $609,865 of additional intergovernmental revenues received by various departments, including $234,136 for the Empowerment program and $185,821 for mental health services.
- Additional $590,698 earned in interest income due to larger fund balances and higher investment rates.
- Other financing sources increased due to issuance of $13,500,000 general obligation capital loan notes.

Expenditures and Other Financing Uses increased $994,053, which included:

- Increase of $172,250 in public safety and legal services, including $165,000 for the Sheriff department.
- Increase of $556,414 in physical health and education. This includes $353,692 for the Empowerment program, and $167,722 for the public health department.
- Increase of $101,192 in administration, including $47,000 for courthouse maintenance.

During the year, however, revenues were $473,447 more than budgetary revenues and expenditures were $5,990,197 less than budgetary expenditures. Iowa law requires budget amendments to specific expenditure functions/service areas, i.e., public safety and legal service, to be enacted by the Board of Supervisors no later than May 31 of each fiscal year. Since the County's fiscal year ends on June 30 and since the County's budget is based on the current financial resources measurement focus and the modified accrual basis of accounting, the Board takes a conservative approach when enacting yearend budget amendments. This means the comparison of actual to budgeted amounts will usually show expenditures to be well below budgeted amounts. This is especially true for the Capital Projects and Roads and Transportation functions when projects may roll over to a subsequent fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Cerro Gordo County's investment in capital assets for its governmental and business-type activities as of June 30, 2007 was $57,403,298, an increase of $26,240,003 or 84.2% compared to FY06. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, vehicles, and infrastructure.

Major capital asset additions during the current fiscal year included infrastructure, election equipment, and vehicles for Sheriff and Secondary Roads.

Cerro Gordo County's Capital Assets
FYE 2007

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$ 1,646,392	$ 1,646,392	$ 62,300	$ 62,300	$ 1,708,692	$ 1,708,692
Construction-in-Process	7,649,808	759,369	0	0	7,649,808	759,369
Buildings	4,414,089	4,414,089	0	0	4,414,089	4,414,089
Improvements other than Buildings	417,751	417,751	0	0	417,751	3,124,394
Machinery & Equipment	6,494,355	6,453,846	0	0	6,494,355	6,453,846
Vehicles	3,323,079	3,223,920	0	0	3,323,079	3,223,920
Infrastructure	30,688,881	11,478,985	2,706,643	2,706,643	33,395,524	11,478,985
Total	54,634,355	28,394,352	2,768,943	2,768,943	57,403,298	31,163,295
Less: Accumulated Depreciation	21,581,733	9,215,824	530,546	445,261	22,112,279	9,661,085
Total	33,052,622	19,178,528	2,238,397	2,323,682	35,291,019	21,502,210

For governmental activities, Cerro Gordo County had depreciation expense of $1,964,449 and total accumulated depreciation of $21,581,733 for the year ended June 30, 2007, which includes restated infrastructure of 10,735,887. For business-type activities, depreciation expense was $85,285 and total accumulated depreciation was $530,546 for the year end.

Additional information on Cerro Gordo County's capital assets can be found in Note 5 of this report.

Debt

As of June 30, 2007, Cerro Gordo County had general obligation bonds and capital loan notes outstanding totaling $13,435,000, an increase of $12,340,000 compared to FY06. The increase of debt resulted from the issuance of $13,500,000 in general obligation capital loan notes and debt retirement of $1,160,000. These additional funds will be used to finance the construction of the new law enforcement center. In the current year, the County paid $1,160,000 in principal and $433,717 in interest on outstanding debt, compared to $640,000 in principal and $32,430 in interest in FY06.

Sewer revenue capital loan notes (Business-Type Activities) outstanding totaled $595,379. This is a decrease of $8,369 due to debt retirement. Business-Type Activities paid $8,369 in principal and $27,169 in interest on outstanding debt in the current year.

The Code of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the county. Cerro Gordo County's outstanding general obligation debt is significantly below its limit of $141 million.

Cerro Gordo County's Outstanding Debt
June 30, 2007

	2007	2006
Governmental Activities:		
General Obligation Bonds and Capital Loan Notes	$ 13,435,000	$ 1,095,000
Capital Lease Purchase Agreements	15,393	20,698
Installment Purchase Agreements	0	0
Drainage Warrants	21,418	39,802
Termination Benefits	18,945	0
Compensated Absences	662,252	673,729
Total	**$ 14,153,008**	**$ 1,829,229**
Business-Type Activities:		
Sewer Revenue Bonds	$ 595,379	$ 603,748

Additional information about the County's long-term liabilities can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES

Cerro Gordo County's elected and appointed officials and citizens considered many factors when setting the 2008 fiscal year budget, tax rates, and the fees that will be charged for the various County services. One of those factors is the economy. Cerro Gordo County's unemployment rate now stands at 3.9% versus 4.7% a year ago. This compares with the State unemployment rate of 3.5% and the national rate of 4.4%.

- For the budget year ending June 30, 2008, Cerro Gordo County maintained both the countywide tax rate at $6.59468 per thousand of taxable valuation and the rural county tax rate at $3.51050 per thousand of taxable valuation. This increase in tax rate, estimated to raise an additional $1,150,000 in FY07, is for the debt service fund. In June of 2007, the County will make its first principal payment on a total of $13,500,000 jail bonds that will be issued throughout the fiscal year 2007.

- The tax base for Cerro Gordo County increased 1.7% over the prior year.

- The total expenditures for the FY08 budget are $32,937,016, down $1,392,672 from the final FY07 budget. There are several factors contributing to the decrease, mainly the construction of the new law enforcement center, with approximately $6,890,000 expended for construction in FY07 . All four of the County bargaining unit contracts are currently under five year agreements that expire June 30, 2010.

- The County has been working towards a solution for the ongoing problem of overcrowded conditions in the county jail. This problem will be alleviated in January of 2008 when the voter approved law enforcement center is completed.

All these factors were considered in preparing the Cerro Gordo County budget for the June 30, 2008 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, contact the Cerro Gordo County Auditor's Office, 220 North Washington, Mason City, Iowa 50401.

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CERRO GORDO COUNTY, IOWA

STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	$18,305,354	$81,269	$18,386,623
Receivables:			
Property Tax:			
Delinquent	22,705	0	22,705
Succeeding year	13,281,698	0	13,281,698
Interest and Penalty on Property Tax	237	0	237
Accounts	484,773	0	484,773
Accrued Interest	123,357	0	123,357
Special Assessments	206,629	0	206,629
Drainage Assessments	19,601	0	19,601
Due From Other Governments	815,809	7,705	823,514
Inventories	1,039,959	0	1,039,959
Capital Assets:			
Land	1,646,392	62,300	1,708,692
Construction in Progress	7,649,808	0	7,649,808
Other Capital Assets	45,338,155	2,706,643	48,044,798
Less Accumulated Depreciation	(21,581,733)	(530,546)	(22,112,279)
Total Assets	$67,352,744	$2,327,371	$69,680,115
Liabilities			
Accounts Payable	$1,451,890	$670	$1,452,560
Accrued Interest Payable	46,588	0	46,588
Salaries and Benefits Payable	182,077	0	182,077
Due to Other Governments	573,115	0	573,115
Unearned Revenue:			
Succeeding Year Property Tax	13,281,698	0	13,281,698
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Capital Lease Purchase Agreements	5,772	0	5,772
General Obligation Bonds/Revenue Notes	955,000	8,744	963,744
Compensated Absences	642,560	0	642,560
Termination Benefits	10,020	0	10,020
Portion Due or Payable After One Year:			
Capital Lease Purchase Agreements	9,621	0	9,621
General Obligation Bonds/Revenue Notes	12,480,000	586,635	13,066,635
Drainage District Warrants Payable	21,418	0	21,418
Termination Benefits	8,925	0	8,925
Total Liabilities	29,668,684	596,049	30,264,733
Net Assets			
Invested in Capital Assets, Net of Related Debt	25,918,908	1,971,672	27,890,580
Temporarily Restricted For:			
Mental Health Purposes	604,890	0	604,890
Secondary Roads Purposes	3,148,465	0	3,148,465
Debt Service	111,202	0	111,202
Capital Projects	363,300	0	363,300
Other Purposes	2,831,430	0	2,831,430
Unrestricted	4,705,865	(240,350)	4,465,515
Total Net Assets	$37,684,060	$1,731,322	$39,415,382

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

		Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental Activities:				
Public Safety and Legal Services	$5,598,566	$457,988	$1,079,764	$0
Physical Health and Social Services	4,730,060	500,140	2,710,594	0
Mental Health	5,851,088	52,699	3,706,007	0
County Environment and Education	1,128,411	78,750	70,494	0
Roads and Transportation	6,085,524	100,061	3,077,064	850,690
Governmental Services to Residents	895,995	677,734	19,815	0
Administrative Services	2,227,192	257,804	647	0
Non-Program	266,798	87,828	3,746	0
Interest on Long Term Debt	604,169	0	0	0
	27,387,803	2,213,004	10,668,131	850,690
Business-type Activities				
Wastewater Collection and Treatment	144,092	60,990	0	0
Total	$27,531,895	$2,273,994	$10,668,131	$850,690
GENERAL REVENUES:				
Property and Other County Tax Levied For:				
General Purposes				
Debt Service				
Penalty and Interest on Property Tax				
State Tax Credits, Unrestricted				
Local Option Sales and Service Tax				
Unrestricted Investment Earnings				
Miscellaneous				
Total General Revenues				
Change in Net Assets				
Net Assets Beginning of Year, As Restated (Note 19)				
Net Assets End of Year				

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($4,060,814)	$0	($4,060,814)
(1,519,326)	0	(1,519,326)
(2,092,382)	0	(2,092,382)
(979,167)	0	(979,167)
(2,057,709)	0	(2,057,709)
(198,446)	0	(198,446)
(1,968,741)	0	(1,968,741)
(175,224)	0	(175,224)
(604,169)	0	(604,169)
(13,655,978)	0	(13,655,978)
0	(83,102)	(83,102)
($13,655,978)	($83,102)	($13,739,080)
$11,789,658	$0	$11,789,658
1,465,976	0	1,465,976
130,746	0	130,746
498,856	0	498,856
1,520,121	0	1,520,121
1,141,111	0	1,141,111
339,750	0	339,750
16,886,218	0	16,886,218
3,230,240	(83,102)	3,147,138
34,453,820	1,814,424	36,268,244
$37,684,060	$1,731,322	$39,415,382

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2007

		Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads	Public Health
Assets					
Cash and Pooled Investments	$5,100,313	$1,300,284	$462,258	$2,101,814	$440,216
Receivables:					
Property Tax:					
Delinquent	13,762	3,920	2,537	0	0
Succeeding Year	7,991,294	2,201,205	1,700,087	0	0
Interest and Penalty on Property Tax	237	0	0	0	0
Accounts	148,572	20,435	0	15,338	205,033
Accrued Interest	122,864	0	0	0	0
Special Assessments	107,404	0	0	8,874	0
Drainage Assessments	0	0	0	0	0
Due From Other Funds	8,763	0	0	0	15,000
Due From Other Governments	158,363	72,952	0	385,741	105,713
Inventories	0	0	0	1,039,959	0
Total Assets	$13,651,572	$3,598,796	$2,164,882	$3,551,726	$765,962
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$241,571	$201,133	$11,029	$208,135	$72,086
Salaries and Benefits Payable	101,363	9,075	1,680	32,000	31,031
Due To Other Funds	0	1,230	0	183	2,432
Due To Other Governments	21,163	551,952	0	0	0
Deferred Revenue:					
Succeeding Year Property Tax	7,991,294	2,201,205	1,700,087	0	0
Other	153,947	3,833	2,440	8,874	4,270
Total Liabilities	8,509,338	2,968,428	1,715,236	249,192	109,819
Fund Balances					
Reserved For:					
Inventories	0	0	0	1,039,959	0
Endowment	0	0	0	0	0
Drainage Warrants	0	0	0	0	0
Trust	0	0	0	0	0
Debt Service	0	0	0	0	0
Unreserved, Reported In:					
General Fund	5,142,234	0	0	0	0
Special Revenue Funds	0	630,368	449,646	2,262,575	656,143
Capital Projects Fund	0	0	0	0	0
Total Fund Balances	5,142,234	630,368	449,646	3,302,534	656,143
Total Liabilities and Fund Balances	$13,651,572	$3,598,796	$2,164,882	$3,551,726	$765,962

See Notes To Financial Statements

Debt Service	Capital Projects	Nonmajor	Total
$64,953	$6,665,797	$1,900,151	$18,035,786
2,486	0	0	22,705
1,389,112	0	0	13,281,698
0	0	0	237
0	0	27,711	417,089
0	0	493	123,357
90,351	0	0	206,629
0	0	19,601	19,601
0	0	0	23,763
0	0	92,998	815,767
0	0	0	1,039,959
$1,546,902	$6,665,797	$2,040,954	$33,986,591
$0	$575,818	$139,041	$1,448,813
0	0	6,928	182,077
0	0	15,000	18,845
0	0	0	573,115
1,389,112	0	0	13,281,698
92,785	0	0	266,149
1,481,897	575,818	160,969	15,770,697
0	0	0	1,039,959
0	0	118,373	118,373
0	0	116,973	116,973
0	0	60,000	60,000
65,005	0	0	65,005
0	0	0	5,142,234
0	0	1,584,639	5,583,371
0	6,089,979	0	6,089,979
65,005	6,089,979	1,879,985	18,215,894
$1,546,902	$6,665,797	$2,040,954	$33,986,591

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total Governmental Fund Balances (page 23)		$18,215,894
Amounts reported for governmental activities in the statement of net assets that are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is $54,634,355 and the accumulated depreciation is $21,581,733.		33,052,622
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.		
Property Taxes – General Purposes	19,720	
Property Taxes – Debt Service	2,434	
sTEP Contract	434	
DHS Administrative Reimbursement	32,662	
Bioterrorism Grant	4,270	
Special Assessments	206,629	266,149
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.		329,299
Long-term liabilities, including bonds payable, accrued interest payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(14,179,904)
Net assets of governmental activities (page 19)		$37,684,060

See Notes to Financial Statements

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CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	General	Mental Health	Rural Services	Secondary Roads	Public Health
REVENUES:					
Property and Other County Tax	$7,896,543	$2,206,434	$1,846,248	$836,067	$0
Interest and Penalty on Property Tax	130,746	0	0	0	0
Intergovernmental	1,624,548	3,789,625	68,143	3,313,113	1,519,757
Licenses and Permits	17,480	0	0	6,627	18,550
Charges For Service	872,415	5,383	0	0	183,861
Use of Money and Property	848,130	0	0	1,400	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	347,214	47,317	0	154,591	164,458
Total Revenues	11,737,076	6,048,759	1,914,391	4,311,798	1,886,626
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	5,406,709	0	4,557	0	0
Physical Health and Social Services	705,864	0	0	0	2,731,107
Mental Health	0	5,861,602	0	0	0
County Environment and Education	736,455	0	44,700	0	0
Roads and Transportation	0	0	196,655	4,316,812	0
Governmental Services to Residents	812,426	0	0	0	0
Administration	2,122,932	0	0	0	0
Non-Program	11,607	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	0	0	0	848,503	0
Total Expenditures	9,795,993	5,861,602	245,912	5,165,315	2,731,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,941,083	187,157	1,668,479	(853,517)	(844,481)
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	0
Issuance of Drainage Warrants	0	0	0	0	0
Transfers In	59,106	0	0	1,454,000	944,376
Transfers Out	(946,376)	(59,106)	(1,454,000)	0	0
General Obligation Notes Issued	0	0	0	0	0
Discount on General Obligation Notes	0	0	0	0	0
Total Other Financing Sources (Uses)	(887,270)	(59,106)	(1,454,000)	1,454,000	944,376
Net Change in Fund Balances	1,053,813	128,051	214,479	600,483	99,895
Fund Balances Beginning of Year	4,088,421	502,317	235,167	2,880,485	556,248
Decrease in Reserve For:					
Inventories	0	0	0	(178,434)	0
Fund Balances End of Year	$5,142,234	$630,368	$449,646	$3,302,534	$656,143

See Notes To Financial Statements

Debt Service	Capital Projects	Nonmajor	Total
$1,464,932	$0	$532,041	$14,782,265
0	0	0	130,746
53,733	0	987,137	11,356,056
0	0	285,310	327,967
0	0	70,481	1,132,140
0	347,007	49,635	1,246,172
0	0	31,316	31,316
48,168	0	74,067	835,815
1,566,833	347,007	2,029,987	29,842,477
0	0	154,699	5,565,965
0	0	1,288,563	4,725,534
0	0	0	5,861,602
0	0	331,279	1,112,434
0	0	0	4,513,467
0	0	18,349	830,775
0	0	34,835	2,157,767
0	0	61,299	72,906
1,595,718	0	0	1,595,718
0	7,045,017	0	7,893,520
1,595,718	7,045,017	1,889,024	34,329,688
(28,885)	(6,698,010)	140,963	(4,487,211)
0	0	21,910	21,910
0	0	7,199	7,199
2,000	0	2,029	2,461,511
0	0	(2,029)	(2,461,511)
0	13,500,000	0	13,500,000
0	(123,514)	0	(123,514)
2,000	13,376,486	29,109	13,405,595
(26,885)	6,678,476	170,072	8,918,384
91,890	(588,497)	1,709,913	9,475,944
0	0	0	(178,434)
$65,005	$6,089,979	$1,879,985	$18,215,894

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net change in fund balances - Total governmental funds (page 26)		$8,739,950
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 exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$8,148,914	
Capital assets contributed by the Iowa Department of Transportation	702,823	
Depreciation expense	(1,964,449)	6,887,288
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources.		(40,807)
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	(6,510)	
Other	(43,954)	(50,464)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond and note principal and other debts is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt issuances exceeded repayments as follows:		
Bonds, leases, and loans issued	(13,500,000)	
Principal payments	1,160,000	
Lease payments	5,305	
Drainage warrants	18,384	(12,316,311)
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 governmental funds, as follows:		
Compensated absences	(6,835)	
Interest on long-term debt	(44,937)	(51,772)
The Internal Service Funds are used by management to charge the costs of employee health benefits, telephone service, and property insurance to individual funds. The net revenue of the Internal Service Funds are reported with governmental activities.		62,356
Change in net assets of governmental activities (page 21)		$3,230,240

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2007

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
ASSETS				
Current Assets:				
Cash	$22,255	$59,014	$81,269	$264,650
Receivables:				
Accounts	0	0	0	67,684
Due From Other Governments	2,892	4,813	7,705	42
Total Current Assets	25,147	63,827	88,974	332,376
Non-Current Assets:				
Capital Assets:				
Land	37,300	25,000	62,300	0
Improvements Other Than Buildings	1,542,226	1,164,417	2,706,643	0
Less Accumulated Depreciation	(195,221)	(335,325)	(530,546)	0
Total Non-Current Assets	1,384,305	854,092	2,238,397	0
Total Assets	$1,409,452	$917,919	$2,327,371	$332,376
LIABILITIES				
Current Liabilities:				
Accounts Payable	$319	$351	$670	$3,077
Note Payable:				
Portion Due Within One Year:				
Note Payable	4,411	4,333	8,744	0
Total Current Liabilities	4,730	4,684	9,414	3,077
Non-Current Liabilities:				
Portion Due After One Year:				
Note Payable	342,467	244,168	586,635	0
Total Liabilities	347,197	248,852	596,049	3,077
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,062,255	909,417	1,971,672	0
Unrestricted	0	(240,350)	(240,350)	329,299
	$1,062,255	$669,067	$1,731,322	$329,299

See Notes To Financial Statements

CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
OPERATING REVENUES:				
Interfund Services Provided	$0	$0	$0	$1,866,007
Employee Payments	0	0	0	103,012
Miscellaneous	33,416	27,574	60,990	7,328
Total Operating Revenues	33,416	27,574	60,990	1,976,347
OPERATING EXPENSES:				
Waste Water Treatment Facility:				
Depreciation	48,805	36,481	85,286	0
Miscellaneous	21,051	10,586	31,637	0
Health Insurance:				
Medical Claims	0	0	0	160,081
Insurance Premiums	0	0	0	1,428,942
Administrative Fees	0	0	0	51,853
Miscellaneous	0	0	0	16,869
Central Services:				
Telephone	0	0	0	35,958
Insurance	0	0	0	222,202
Total Operating Expenses	69,856	47,067	116,923	1,915,905
Operating Income (Loss)	(36,440)	(19,493)	(55,933)	60,442
NON-OPERATING REVENUE (EXPENSES)				
Interest Income	0	0	0	1,914
Interest Expense	(15,800)	(11,369)	(27,169)	0
Total Non-Operating Revenues (Expenses)	(15,800)	(11,369)	(27,169)	1,914
Net Income (Loss)	(52,240)	(30,862)	(83,102)	62,356
Net Assets Beginning of Year	1,114,495	699,929	1,814,424	266,943
Net Assets End of Year	$1,062,255	$669,067	$1,731,322	$329,299

See Notes To Financial Statements

CERRO GORDO COUNTY, IOWA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$33,339	$27,824	$61,163	$0
Cash Received from Operating Funds	0	0	0	1,991,857
Cash Received from Employees and Other	0	0	0	110,055
Cash Paid to Suppliers for Services	(20,967)	(10,325)	(31,292)	(2,195,122)
Net Cash Provided by (Used in) Operating Activities	12,372	17,499	29,871	(93,210)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	0	0	0	1,914
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Prior Year Warrants Written in Excess of Bank Balance	0	0	0	(107,413)
Interest Expense	(15,800)	(11,369)	(27,169)	0
Note Payments	(4,222)	(4,147)	(8,369)	0
Net Cash Used in Capital and Related Financing Activities	(20,022)	(15,516)	(35,538)	(107,413)
Net Increase (Decrease) in Cash	(7,650)	1,983	(5,667)	(198,709)
Cash – Beginning of Year	29,905	57,031	86,936	463,359
Cash – End of Year	$22,255	$59,014	$81,269	$264,650
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating Income (Loss)	$(36,440)	$(19,493)	$(55,933)	$60,442
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	48,805	36,481	85,286	0
(Increase) Decrease in Receivables	(77)	250	173	125,565
Increase (Decrease) in Payables	84	261	345	(279,217)
Net Cash Provided by (Used in) Operating Activities	$12,372	$17,499	$29,871	$(93,210)

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
June 30, 2007

ASSETS	
Cash and Pooled Investments:	
County Treasurer	$2,790,172
Other County Officials	203,574
Receivables:	
Property Tax:	
Delinquent	1,543
Succeeding Year	43,515,049
Accounts	5,693
Assessments	1,314,705
Due From Other Governments	126,226
Total Assets	$47,956,962
LIABILITIES	
Accounts Payable	$151,127
Salaries and Benefits Payable	9,875
Due To Other Governments	47,526,395
Trusts Payable	249,871
Compensated Absences	19,694
Total Liabilities	$47,956,962

See Notes To Financial Statements

Note 1: Summary of Significant Accounting Policies

Cerro Gordo 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, Cerro Gordo 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 Cerro Gordo 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 that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One hundred and fifty-one 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 Cerro Gordo County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Cerro Gordo County Auditor's office.

Jointly Governed Organizations – The County also 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: Cerro Gordo County and City Assessor's Conference Board, Cerro Gordo County Emergency Management Commission, Cerro Gordo County Joint E911 Service Board, and Advanced Law Enforcement Investigative and Administrative System Users. 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.

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 the 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 that are attributed to the acquisition, construction, or improvement of those assets.

Note 1: Summary of Significant Accounting Policies (Continued)

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 that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but 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 that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other 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 that are 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 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 utilized to account for secondary road construction and maintenance.

The Public Health Fund is utilized to account for Federal and State grants and fees collected by the County to provide and maintain the County Public Health Department.

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

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

Additionally, the County reports the following proprietary funds:

The Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Central Services Fund accounts for the costs of the centralized service operation for the telephone service and property insurance. The Health Insurance Fund accounts for the County's self insurance for health insurance benefits provided by governmental funds to employees. Costs are billed to governmental funds and employees based on historical claims experience.

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds account for the activities of the Meservey Wastewater Collection and Treatment Facility and the Swaledale Wastewater Collection and Treatment Facility

Fiduciary fund types are used to account for net assets and changes in net assets. The fiduciary funds of the County are considered agency 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 fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's Agency Funds consist of the following:

Elected Officials - To account for the activity of various cash accounts maintained by elected officials and other County departments which have not been remitted to the County Treasurer, who acts as trustee for all pooled cash and investments of the County, or to other individuals, private entities or governments.

Board of Supervisors – Conservators – To account for the funds of individuals incapable of managing their own affairs.

Veterans Affairs – To account for the funds used to maintain the veterans plaque.

Auditor – To account for revenues received from the sale of GIS maps, plat books, and copies.

Recorder – To account for the recording of deeds and mortgages, writing fees for DNR licenses, passport issuance fees, and the sale of various licenses (hunting, fishing, ATV, boat and snowmobile).

Sheriff – To account for fees associated with the serving of papers and the sale of gun permits.

Other Agency Funds – Clearing accounts that account for funds collected by the County on behalf of individuals and other governmental entities:

Agricultural Extension Education
County Assessor
County Special Appraisal
City Assessor
City Special Appraisal
Schools
Community College
Corporations
Townships
City Special Assessment
Auto License and Use Tax
Brucellosis and Tuberculosis Eradication
Joint Disaster Services
Clear Lake Sanitary District
County EMS Association
Advance Tax
Cash Long/Short
Tax Sale Redemption
Dispute Resolution
E-911 Operations
Advance Law Enforcement Investigative and Administration System
Recorder's Transfer Fee
Pass-through Projects
Employees Benefits

Note 1: Summary of Significant Accounting Policies (Continued)

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 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 sixty 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 judgements 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-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary funds of the County apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless pronouncements conflict 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 funds are from charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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, consisting of non-negotiable certificates of deposit, 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, they have a maturity date no longer than three months.

Note 1: Summary of Significant Accounting Policies (Continued)

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 that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County board of Supervisors in March 2006.

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 and Special Assessments Receivable - Drainage and special assessments receivable represents amounts assessed to 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. Drainage assessments receivable represent assessments which are payable but not yet due.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the financial statements.

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

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. In compliance with GASB 34, the County had included infrastructure assets acquired after June 30, 1980. 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 repairs that do not add to the value of the asset or materially extend lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual coats 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

Note 1: Summary of Significant Accounting Policies (Continued)

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
Building improvements	20-50
Infrastructure	30-50
Equipment	2-20
Vehicles	3-10

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

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

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

Unearned revenue on 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 and unspent grant proceeds.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use payable to employees. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Road Funds.

Long-term Liabilities – In the government-wide financial statements and the 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 that are not available for appropriation or are 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 Net Assets of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the Mental Health and Non-Program functions.

Note 2: Cash and Pooled Investments

The County's deposits in banks at June 30, 2007 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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Note 3: Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2007, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue:	
	MH/DD Services	$1,230
	Secondary Road	183
	Public Health	2,432
	Agency:	
	County Assessor	317
	City Assessor	127
	City Special Appraisal	4,244
	Dispute Resolution	230
Special Revenue:	Special Revenue:	
Public Health	Public Health Inspections	15,000
Total		$23,763

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

Note 4: Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer To	Transfer From	Amount
General Fund	Special Revenue	
	Mental Health	$59,106
Special Revenue	Special Revenue:	
Secondary Roads	Rural Services	1,454,000
Public Health	General Basic	944,376
Conservation Parks	Rural County Betterment	2,000
Recorder's Records Management	Recorder's Electronic Transfer	29
Debt Service	General Fund	2,000
Agency:	Agency:	
County Assessor	Special Appraiser	50,000
Total		$2,511,511

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

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	$1,646,392	$0	$0	$1,646,392
Construction in progress	759,369	6,890,439	0	7,649,808
Total capital assets not being depreciated	2,405,761	6,890,439	0	9,296,200
Capital assets being depreciated:				
Buildings	4,414,089	0	0	4,414,089
Improvements other than buildings	417,751	0	0	417,751
Machinery and equipment	6,453,846	206,244	165,735	6,494,355
Vehicles	3,223,920	308,658	209,499	3,323,079
Infrastructure (Restated, See Note 19)	29,242,485	1,446,396	0	30,688,881
Total capital assets being depreciated	43,752,091	1,961,298	375,234	45,338,155
Less accumulated depreciation for:				
Buildings	2,025,113	86,712	0	2,111,825
Improvements other than buildings	410,692	3,706	0	414,398
Machinery and equipment	4,146,512	429,138	164,502	4,411,148
Vehicles	2,157,594	264,698	169,925	2,252,367
Infrastructure, road network (Restated, See Note 19)	11,211,800	1,180,195	0	12,391,995
Total accumulated depreciation	19,951,711	1,964,449	334,427	21,581,733
Total capital assets being depreciated, net	23,800,380	(3,151)	40,807	23,756,422
Governmental activities capital assets, net	$26,206,141	$6,887,288	$40,807	$33,052,622

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	$123,859
Physical health and social services	17,650
Mental health	4,101
County environment and education	42,445
Roads and transportation	1,618,116
Governmental services to residents	72,954
Administration services	85,324
Total depreciation expense – governmental activities	$1,964,449

Capital asset activity of the Enterprise Funds for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital Assets not being depreciated:				
Land	$62,300	$0	$0	$62,300
Capital Assets being depreciated:				
Infrastructure	2,706,643	0	0	2,706,643
Less accumulated depreciation for:				
Infrastructure	445,261	85,285	0	530,546
Total capital assets being depreciated, net	2,261,382	(85,285)	0	2,176,097
Business-type activities capital assets, net	$2,323,682	$(85,285)	0	$2,238,397

Note 6: Due to Other Governments

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

Fund	Description	Amount
General	Services	$21,163
Special Revenue		
Mental Health		551,952
Total Governmental Funds		573,115
Agency	Collections	
County Special Appraisal		351,996
Schools		23,442,510
City Assessor		221,303
Corporations		17,579,932
Auto License & Use Tax		832,676
City Special Appraisal		92,415
County Assessor		410,806
E911 Operations		804,377
City Special Assessments		1,262,458
All Others		2,527,922
Total for Agency Funds		$47,526,395

Note 7: Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007, is as follows:

Governmental Activities	Capital Loan Notes & General Obligation Bonds	Lease Obligations	Compensated Absences	Termination Benefits
Balance – Beginning of Year	$1,095,000	$20,698	$673,729	$0
Increases	13,500,000	0	662,252	32,980
Decreases	1,160,000	5,305	673,729	14,035
Balance – End of Year	$13,435,000	$15,393	$662,252	$18,945
Due within one year	$955,000	$5,772	$662,252	$10,020

	Drainage Warrants	Total
Balance – Beginning of Year	$39,802	$1,829,229
Increases	7,199	14,202,431
Decreases	25,583	1,878,652
Balance – End of Year	$21,418	$14,153,008
Due within one year	$0	$1,633,043

Business Type Activities	Sewer Revenue Capital Loan Notes
Balance – Beginning of Year	$603,748
Increases	0
Decreases	8,369
Balance – End of Year	$595,379
Due within one year	$8,744

Note 8: Capital Lease Purchase Agreements

The County has entered into a capital lease purchase agreement for the Administration's postage machine. The following is a schedule of the future minimum lease payments, including interest at 8.508% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2007 for Equipment:

Year Ending June 30,	Postage Machine
2008	$6,900
2009	6,900
2010	3,450
Total Minimum Lease Payments	17,250
Less: Amount Representing Interest	1,857
Present Value of Net Minimum Lease Payments	$15,393

Payments under capital lease purchase agreements for year ended June 30, 2007, totaled $6,900.

Note 9: General Obligation Capital Loan Bonds and Notes

The County has issued $ 620,000 in general obligation bonds to fund the costs of construction of a sanitary sewer project. During the year ended June 30, 2006, the County issued $500,000 in General Obligation Capital Loan Notes to fund the costs of the health insurance program for County employees and officials. During the year ended June 30, 2007, the County issued $9,000,000 and $4,500,000 of General Obligation Capital Loan Notes for the purpose of constructing and equipping a new Law Enforcement Center. The notes are payable from a continuing annual levy of taxes on all of the taxable property in the County. Interest on each note is due annually on December 1 and principal and interest payments are due annually on June 1. Maturities of the various notes range from 2008 through 2026. Details of the outstanding bonds and notes are as follows:

	1999 $620,000 Issue			2006A $500,000 Issue		
Year Ending June 30,	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2008	4.70%	$70,000	$6,853	2.70%	$445,000	$36,726
2009	4.75%	75,000	3,563	-	0	0
		$145,000	$10,416		$445,000	$36,726

	2006B $9,000,000 Issue			2007A $4,500,000 Issue		
Year Ending June 30,	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2008	4.30%	$0	$392,248	3.70%	$440,000	$143,047
2009	4.30%	0	392,248	3.60%	460,000	127,207
2010	4.30%	0	392,247	3.60%	475,000	110,647
2011	4.30%	0	392,247	3.65%	490,000	93,310
2012	4.30%	0	392,247	3.70%	510,000	75,180
2013-2017	4.30%	1,525,000	1,914,798	3.80-3.85%	1,470,000	106,986
2018-2022	4.30-4.375%	3,790,000	1,319,673	-	0	0
2023-2026	4.375-4.40%	3,685,000	414,265	-	0	0
		$9,000,000	$5,609,973		$3,845,000	$656,377

Note 10: Retirement Benefits

The County offers retirement benefits to its employees. There are different criteria for different collective bargaining units and non-bargaining units, however, the general rule is: Any retiree with 30 years of service at age 58, or 20 years at age 62, will be provided with a single health insurance policy premium until the age of 65 for some, or 65 or Medicare eligible, whichever is later, for others.

At June 30, 2007, the County has obligations to three participants with a total liability of $18,945. Retirement benefits expenses for four retirees for the year ended June 30, 2007 totaled $14,035.

Note 11: Drainage Warrants/Drainage Improvement Certificates Payable

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 special assessments against benefited properties.

Note 12: Sewer Revenue Capital Loan Notes

The County has issued $280,000 in sewer revenue capital loan notes to fund the costs of improvement and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Swaledale. The notes and interest are payable solely from the net earnings of the system and not from general funds of the County. Payments on the capital loan notes began on July 1, 1999. The capital loan notes have an interest rate of 4.50% with the final payment due July 1, 2036. Details of the sewer revenue capital loan notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	$4,333	$11,183	$15,516
2009	4,528	10,988	15,516
2010	4,732	10,784	15,516
2011	4,945	10,571	15,516
2012	5,169	10,347	15,516
2013-2017	29,543	48,037	77,580
2018-2022	36,816	40,764	77,580
2023-2027	45,880	31,700	77,580
2028-2032	57,175	20,405	77,580
2033-2036	55,380	6,345	61,725
	$248,501	$201,124	$449,625

The County has also issued $ 59,100, $ 253,200 and $49,000 in sewer revenue capital loan notes to fund the costs of improvements and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Meservey. The notes and interest are payable solely from the net earnings of the system and do not represent general obligations of the County. Interest payments on the capital loan notes began on July 1, 2003. The capital loan notes have an interest rate of 4.5% with final payment due by July 1, 2044. Details of the sewer revenue capital loan notes are as follows:

Year Ending	$59,100 Note		$253,200 Note		$49,000 Note		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	734	2,541	3,143	10,887	534	2,182	4,411	15,610
2009	767	2,508	3,285	10,745	558	2,158	4,610	15,411
2010	802	2,473	3,433	10,597	583	2,133	4,818	15,203
2011	838	2,437	3,587	10,443	609	2,107	5,034	14,987
2012	875	2,400	3,749	10,281	637	2,079	5,261	14,760
2013-2017	5,004	11,371	21,431	48,719	3,640	9,940	30,075	70,030
2018-2022	6,237	10,139	26,707	43,443	4,537	9,043	37,481	62,625
2023-2027	7,771	8,604	33,281	36,869	5,654	7,926	46,706	53,399
2028-2032	9,684	6,691	41,474	28,676	7,045	6,535	58,203	41,902
2033-2037	12,068	4,307	51,685	18,465	8,780	4,800	72,533	27,572
2038-2042	11,687	1,339	50,148	5,751	10,941	2,639	72,776	9,729
2043-2044	0	0	0	0	4,970	335	4,970	335
	$56,467	$54,810	$241,923	$234,876	$48,488	$51,877	$346,878	$341,563

Note 13: 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 statue 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 3.7% of their annual covered salary and the County is required to contribute 5.75% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were $574,555, $546,455 and $515,125 respectively, equal to the required contributions for each year.

Note 14: Risk Management

Cerro Gordo 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 556 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 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 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 annual contributions to the Pool for the year ended June 30, 2007 were $190,296.

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 $5,000,000 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 that a series of casualty claimed 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 that such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, 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 contribution.

Note 14: Risk Management (Continued)

If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

Note 15: Employee Health Insurance Plan

The Internal Service, Employee Group Health Insurance Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and the fully insured portion is administered through a service agreement with Wellmark Blue Cross and Blue Shield of Iowa and the self funded portion is administered through a service agreement with Group Services, Inc. The agreement is subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the Cerro Gordo County Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of administrative fees and claims processed are paid to Group Service, Inc. from the Cerro Gordo County Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2007 was $1,602,711.

Amounts payable from the Health Insurance Fund at June 30, 2007 total $0 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was $243,362 at June 30, 2007 and is reported as a designation of the Health Insurance Fund Net Assets. Information on the reconciliation of changes in the aggregate liabilities for claims for the current year and prior year is as follows:

	Balance as of July 1	Current Year Claims	Claims Payments	Balance as of June 30
2005-2006	$108,981	1,759,833	1,586,520	$282,294
2006-2007	$282,294	0	282,294	$0

Note 16: Closure and Postclosure Care Costs

Cerro Gordo County is a member of the Landfill of North Iowa. The Landfill of North Iowa is an inter-governmental agency established in accordance with the provisions of Chapter 28E of the State Code of Iowa (Inter-governmental Cooperation Agreement). The purpose of the agency is to provide for the economic disposal or collection and disposal of all solid waste produced or generated within each member city, town, and the unincorporated portion of Cerro Gordo County, comprising the municipalities. In performing its duties, the agency may contract with and expend funds from federal, state, and local agencies and private individuals and corporations.

State and federal laws and regulations require the agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, state laws require the agency to submit a closure and postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper closure and postclosure. The agency is in compliance with this requirement. On June 30, 2007, the County did not anticipate any additional assessments for closure and postclosure care costs.

Note 17: Related Party Transactions

Business transactions between the County and County officials or employees were noted. The transactions appear to be authorized in accordance with Chapter 331.342 of the Code of Iowa because the contracts were made upon competitive bid in writing, publicly invited and opened.

Note 18: Commitments and Contingencies

The County participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agency is not determinable at this time; however, County officials do not believe that such amounts would be significant.

Note 19: Restatement of Beginning Net Assets

The beginning balance in Capital Assets, Infrastructure has been restated to comply with GASB 34 for Phase II governments. Phase II governments are required by GASB 34 to report infrastructure from 1980 to current, with an implementation period ending on June 30, 2007.

In compliance with the requirements of GASB 34, the County has retroactively restated the beginning balance in infrastructure by including $17,763,500, and restated the beginning balance of accumulated depreciation by including $10,735,887. These amounts are for the period 1980 through 2002.

Note 20: Construction in Process

During the fiscal year ending June 30, 2007, the County began construction on the Law Enforcement Center. The estimated cost of constructing and equipping the new Law Enforcement Center is estimated at $13,500,000. The estimated date of completion is February, 2008. As of the date of this report, the project is approximately 84% complete.

Required Supplementary Information

CERRO GORDO COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN BALANCE – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	Actual	Less Funds Not Required To Be Budgeted	Net
REVENUES:			
Property and Other County Tax	14,782,265	0	14,782,265
Interest and Penalty on Property Tax	130,746	0	130,746
Intergovernmental	11,356,056	0	11,356,056
Licenses and Permits	327,967	0	327,967
Charges for Service	1,132,140	8,780	1,123,360
Use of Money and Property	1,246,172	0	1,246,172
Miscellaneous	867,131	13,753	853,378
Total Revenues	29,842,477	22,533	29,819,944
EXPENDITURES:			
Public Safety and Legal Services	5,565,965	0	5,565,965
Physical Health and Social Services	4,725,534	0	4,725,534
Mental Health	5,861,602	0	5,861,602
County Environment and Education	1,112,434	0	1,112,434
Roads and Transportation	4,513,467	0	4,513,467
Governmental Services to Residents	830,775	0	830,775
Administrative Services	2,157,767	0	2,157,767
Non-Program	72,906	61,299	11,607
Debt Service	1,595,718	0	1,595,718
Capital Projects	7,893,520	0	7,893,520
Total Expenditures	34,329,688	61,299	34,268,389
Deficiency of Revenues Under Expenditures	(4,487,211)	(38,766)	(4,448,445)
Other Financing Sources, Net	13,405,595	7,199	13,398,396
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,918,384	(31,567)	8,949,951
Balance Beginning of Year	9,475,944	148,540	9,327,404
Balance End of Year	18,394,328	116,973	18,277,355

See Accompanying Independent Auditors' Report.

Budgeted Amounts		Final to Net Variance -
Original	Final	Positive (Negative)
14,517,627	14,896,663	(114,398)
125,000	125,000	5,746
10,343,606	10,953,471	402,585
274,300	297,400	30,567
1,204,547	1,208,094	(84,734)
498,438	1,089,136	157,036
638,075	776,733	76,645
27,601,593	29,346,497	473,447
5,715,766	5,888,016	322,051
4,624,323	5,180,737	455,203
5,535,367	5,635,367	(226,235)
1,502,474	1,544,951	432,517
5,082,536	5,082,536	569,069
922,174	922,174	91,399
2,197,043	2,298,235	140,468
80,750	10,750	(857)
1,594,239	1,596,239	521
12,050,00	12,099,581	4,206,061
39,304,672	40,258,586	5,990,197
(11,703,079)	(10,912,089)	6,463,644
10,000	13,386,486	11,910
(11,693,079)	2,474,397	6,475,554
9,326,524	9,326,524	880
(2,366,555)	11,800,921	6,476,434

CERRO GORDO COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING
June 30, 2007

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except blended component units, drainage districts, and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 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, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased budgeted revenues and disbursements by $1,744,904 and $953,914, respectively. This 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.

During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the Mental Health and Non-Program functions.

Other Supplementary Information

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- GENERAL FUND
Year Ended June 30, 2007

REVENUES:		
Property and Other County Tax:		
Property Tax	$7,249,620	
Local Option Sales Tax	152,011	
Utility Tax Replacement Excise Tax	486,704	
Other County Tax	8,208	$7,896,543
Interest and Penalty on Property Tax		130,746
Intergovernmental:		
State Shared Revenues		15,749
State Tax Credits		293,361
State and Federal Pass-Thru Revenues:		
Child Support Recovery Incentives	388,341	
Human Services Administration Reimbursement	98,235	
Other	177,172	663,748
Contributions From Other Intergovernmental Units		605,014
State Grants and Entitlements		46,676
Licenses and Permits		17,480
Charges for Service:		
Office Fees and Collections:		
County Auditor	3,048	
County Recorder	374,614	
County Sheriff	101,028	
Auto License, Use Tax and Postage	313,948	
Miscellaneous	79,777	872,415
Use of Money and Property:		
Interest on Investments	788,514	
Miscellaneous	59,616	848,130
Miscellaneous:		
Reimbursements	226,223	
Assessments	49,548	
Miscellaneous	71,443	347,214
Total Revenues		11,737,076

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND
Year Ended June 30, 2007

EXPENDITURES:		
Operating:		
Public Safety and Legal Services		$5,406,709
Physical Health and Social Services		705,864
County Environment and Education		736,455
Governmental Services to Residents		812,426
Administration		2,122,932
Non-Program		11,607
Total Expenditures		9,795,993
Excess of Revenues Over Expenditures		1,941,083
Other Financing Sources (Uses)		
Transfers In		
Debt Service	59,106	
Transfers Out		
Public Health	(946,376)	(887,270)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		1,053,813
Fund Balance Beginning of Year		4,088,421
Fund Balance End of Year		$5,142,234

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2007

Public Safety and Legal Services:		
Law Enforcement:		
Uniformed Patrol Services	$1,165,257	
Law Enforcement Communications	776,261	
Adult Correctional Services	1,495,571	
Administration	489,812	
	3,926,901	
Legal Services:		
Criminal Prosecution	714,745	
Medical Examinations	93,499	
Child Support Recovery	384,388	
	1,192,632	
Emergency Services:		
Emergency Management	48,304	
Assistance to District Court System:		
Physical Operations	1,872	
Research and Other Assistance	250	
	2,122	
Court Proceeding Program:		
Juries and Witnesses	27,532	
Detention Services	24,807	
Court Costs	2,516	
Service of Civil Papers	146,148	
	201,003	
Juvenile Justice Administration:		
Juvenile Victim Restitution	29,599	
Juvenile Representation Services	1,140	
Court-Appointed Attorneys and Court Costs for Juveniles	5,008	
	35,747	
Total Public Safety and Legal Services		$5,406,709

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2007

Physical Health and Social Services:		
Services to the Poor:		
Administration	$240,642	
General Welfare Services	29,268	
	269,910	
Services to Military Veterans:		
Administration	90,740	
General Services to Veterans	26,931	
	117,671	
Children's and Family Services:		
Youth Guidance	220,535	
Chemical Dependency:		
Treatment Services	55,810	
Preventive Services	41,938	
	97,748	
Total Physical Health and Social Services		$705,864
County Environment and Education:		
Conservation and Recreation Services:		
Administration	$346,153	
Maintenance and Operations	133,444	
	479,597	
Animal Control :		
Animal Shelter	9,450	
Animal Bounties and State Apiarist Expense	182	
	9,632	
County Development:		
Land Use and Building Controls	69,249	
Economic Development	177,977	
	247,226	
Total County Environment and Education		$736,455

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2007

Governmental Services to Residents:		
Representation Services:		
Elections Administration	$247,534	
Local Elections	9,182	
Township Officials	2,241	
	258,957	
State Administrative Services:		
Motor Vehicle Registrations and Licensing	291,861	
Recording of Public Documents	261,608	
	553,469	
Total Governmental Services to Residents		$812,426
Administration:		
Policy and Administration:		
General County Management	$321,998	
Administrative Management Services	373,744	
Treasury Management Services	157,193	
Other Policy and Administration	40,551	
	893,486	
Central Services:		
General Services	520,111	
Data Processing	555,737	
	1,075,848	
Risk Management Services:		
Safety of Workplace	117,759	
Fidelity of Public Officers	3,304	
Unemployment Compensation	32,535	
	153,598	
Total Administration		$2,122,932
Non-Program:		
Other Non-Program Current		$11,607
Total Expenditures		$9,795,993

(Concluded)

See Accompanying Independent Auditors' Report.

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CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Conservation Parks
ASSETS					
Cash and Pooled Investments	$65,377	$66,790	$266	$370,973	$75,367
Receivables:					
Accounts	0	2,789	0	2,881	9,199
Accrued Interest	0	73	0	286	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	12,070	0	0
Total Assets	$65,377	$69,652	$12,336	$374,140	$84,566
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$0	$2,533	$401	$120	$2,185
Salaries and Benefits Payable	0	0	0	431	1,162
Due to Other Funds	0	0	0	0	0
Total Liabilities	0	2,533	401	551	3,347
Fund Balances:					
Reserved for Endowment	0	0	0	118,373	0
Reserved for Drainage Warrants	0	0	0	0	0
Reserved for Trust	0	0	0	0	0
Unreserved	65,377	67,119	11,935	255,216	81,219
Total Fund Equity	65,377	67,119	11,935	373,589	81,219
Total Liabilities and Fund Balances	$65,377	$69,652	$12,336	$374,140	$84,566

See Accompanying Independent Auditors' Report.

Rural County Betterment	Economic Development	Drainage	Public Health Inspections	Empowerment
$40,035	$426,935	$101,466	$70,872	$351,631
0	0	0	9,210	0
0	0	0	0	0
0	0	19,601	0	0
48,279	24,139	0	8,510	0
$88,314	$451,074	$121,067	$88,592	$351,631
$2,389	$0	$4,094	$1,524	$124,486
0	0	0	5,335	0
0	0	0	15,000	0
2,389	0	4,094	21,859	124,486
0	0	0	0	0
0	0	116,973	0	0
0	0	0	0	0
85,925	451,074	0	66,733	227,145
85,925	451,074	116,973	66,733	227,145
$88,314	$451,074	$121,067	$88,592	$351,631

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Jail Commissary Profits	Sheriff Forfeiture	Sheriff Tobacco	Sheriff Abandoned Vehicle
ASSETS				
Cash and Pooled Investments	$10,755	$139,700	$600	$1,078
Receivables:				
Accounts	1,741	0	0	150
Accrued Interest	0	0	0	0
Drainage Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Total Assets	$12,496	$139,700	$600	$1,228
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$533	$0	$80	$399
Salaries and Benefits Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Total Liabilities	533	0	80	399
Fund Balances:				
Reserved for Endowment	0	0	0	0
Reserved for Drainage Warrants	0	0	0	0
Reserved for Trust	0	0	0	0
Unreserved	11,963	139,700	520	829
Total Fund Equity	11,963	139,700	520	829
Total Liabilities and Fund Balances	$12,496	$139,700	$600	$1,228

See Accompanying Independent Auditors' Report.

Sheriff DARE	Jail Phone Profits	Attorney Forfeiture	Strand Estate Trust	Conservation Land Acquisition Trust	Total
$3,400	$41,660	$17,358	$77,772	$38,116	$1,900,151
0	1,641	0	0	100	27,711
0	0	0	134	0	493
0	0	0	0	0	19,601
0	0	0	0	0	92,998
$3,400	$43,301	$17,358	$77,906	$38,216	$2,040,954
$0	$0	$0	$297	$0	$139,041
0	0	0	0	0	6,928
0	0	0	0	0	15,000
0	0	0	297	0	160,969
0	0	0	0	0	118,373
0	0	0	0	0	116,973
0	0	0	60,000	0	60,000
3,400	43,301	17,358	17,609	38,216	1,584,639
3,400	43,301	17,358	77,609	38,216	1,879,985
$3,400	$43,301	$17,358	$77,906	$38,216	$2,040,954

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Conservation Parks
REVENUES:					
Property and Other County Tax	$0	$0	$76,006	$0	$0
Intergovernmental	22,287	0	0	0	0
Licenses and Permits	0	0	0	0	0
Charges For Service	0	10,310	0	0	43,944
Use of Money and Property	1,118	939	0	3,301	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	0	0	0	45,788	0
Total Revenues	23,405	11,249	76,006	49,089	43,944
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	0	0	5,401	0	0
Physical Health and Social Services	0	0	44,932	0	0
County Environment and Education	25	0	8,875	33,083	27,903
Governmental Services to Residents	0	18,349	0	0	0
Administration	0	0	30,389	0	0
Non-Program	0	0	0	0	0
Total Expenditures	25	18,349	89,597	33,083	27,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,380	(7,100)	(13,591)	16,006	16,041
Other Financing Sources (Uses):					
Proceeds From Sale of Capital Assets	0	0	0	0	0
Proceeds From Drainage Warrants	0	0	0	0	0
Transfers In	0	29	0	0	2,000
Transfers Out	0	0	0	0	0
Total Other Financing Sources	0	29	0	0	2,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	23,380	(7,071)	(13,591)	16,006	18,041
Fund Balances Beginning of Year	41,997	74,190	25,526	357,583	63,178
Fund Balances End of Year	$65,377	$67,119	$11,935	$373,589	$81,219

See Accompanying Independent Auditors' Report.

Rural County Betterment	Economic Development	Drainage	Public Health Inspections	Empowerment
$304,024	$152,011	$0	$0	$0
0	0	0	61,067	902,706
0	0	0	285,310	0
0	0	8,780	7,447	0
0	0	0	0	9,024
0	0	0	0	0
0	0	13,753	4,556	9,970
304,024	152,011	22,533	358,380	921,700
111,000	0	0	0	0
4,000	0	0	361,507	878,124
169,233	90,600	0	0	0
0	0	0	0	0
4,446	0	0	0	0
0	0	61,299	0	0
288,679	90,600	61,299	361,507	878,124
15,345	61,411	(38,766)	(3,127)	43,576
21,910	0	0	0	0
0	0	7,199	0	0
0	0	0	0	0
(2,000)	0	0	0	0
19,910	0	7,199	0	0
35,255	61,411	(31,567)	(3,127)	43,576
50,670	389,663	148,540	69,860	183,569
$85,925	$451,074	$116,973	$66,733	$227,145

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	Recorder's Electronic Transfer	Jail Commissary Profits	Sheriff Forfeiture	Sheriff Tobacco	Sheriff Abandoned Vehicle
REVENUES:					
Property and Other County Tax	$0	$0	$0	$0	$0
Intergovernmental	0	0	0	600	150
Licenses and Permits	0	0	0	0	0
Charges For Service	0	5,532	0	0	0
Use of Money and Property	0	0	0	0	0
Fines, Forfeitures and Defaults	0	0	27,215	0	0
Miscellaneous	0	0	0	0	0
Total Revenues	0	5,532	27,215	600	150
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	0	5,883	22,464	3,155	406
Physical Health and Social Services	0	0	0	0	0
County Environment and Education	0	0	0	0	0
Governmental Services to Residents	0	0	0	0	0
Administration	0	0	0	0	0
Non-Program	0	0	0	0	0
Total Expenditures	0	5,883	22,464	3,155	406
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(351)	4,751	(2,555)	(256)
Other Financing Sources (Uses):					
Proceeds From Sale of Capital Assets	0	0	0	0	0
Proceeds From Drainage Warrants	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	(29)	0	0	0	0
Total Other Financing Sources	(29)	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(29)	(351)	4,751	(2,555)	(256)
Fund Balances Beginning of Year	29	12,314	134,949	3,075	1,085
Fund Balances End of Year	$0	$11,963	$139,700	$520	$829

See Accompanying Independent Auditors' Report.

Sheriff DARE	Jail Phone Profits	Attorney Forfeiture	Strand Estate Grant	Conservation Land Acquisition Trust	Total
$0	$0	$0	$0	$0	$532,041
327	0	0	0	0	987,137
0	0	0	0	0	285,310
0	0	0	0	0	70,481
0	25,361	0	1,654	2,706	49,635
0	0	4,101	0	0	31,316
0	0	0	0	0	74,067
327	25,361	4,101	1,654	2,706	2,029,987
350	6,040	0	0	0	154,699
0	0	0	0	0	1,288,563
0	0	0	1,560	0	331,279
0	0	0	0	0	18,349
0	0	0	0	0	34,835
0	0	0	0	0	61,299
350	6,040	0	1,560	0	1,889,024
(23)	19,321	4,101	94	2,706	140,963
0	0	0	0	0	21,910
0	0	0	0	0	7,199
0	0	0	0	0	2,029
0	0	0	0	0	(2,029)
0	0	0	0	0	29,109
(23)	19,321	4,101	94	2,706	170,072
3,423	23,980	13,257	77,515	35,510	1,709,913
$3,400	$43,301	$17,358	$77,609	$38,216	$1,879,985

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – INTERNAL SERVICE FUNDS
June 30, 2007

	Central Services	Health Insurance	Total
ASSETS			
Cash and Pooled Investments	$88,160	$176,490	$264,650
Receivables:			
Accounts	812	66,872	67,684
Due From other Governments	42	0	42
Total Assets	$89,014	$243,362	$332,376
LIABILITIES			
Liabilities			
Accounts Payable	$3,077	$0	$3,077
Net Assets			
Unrestricted	$85,937	$243,362	$329,299

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS
Year Ended June 30, 2007

	Central Services	Health Insurance	Total
OPERATING REVENUES:			
Interfund Services Provided	$262,020	$1,603,987	$1,866,007
Payments from Employees	0	103,012	103,012
Miscellaneous	2,149	5,179	7,328
Total Operating Revenues	264,169	1,712,178	1,976,347
OPERATING EXPENSES:			
Health Insurance:			
Medical Claims Paid	0	160,081	160,081
Insurance Premiums	0	1,428,942	1,428,942
Administrative Fees	0	51,853	51,853
Miscellaneous	0	16,869	16,869
Central Services:			
Telephone	35,958	0	35,958
Insurance	222,202	0	222,202
Total Operating Expenses	258,160	1,657,745	1,915,905
Operating Income	6,009	54,433	60,442
NON-OPERATING REVENUES:			
Interest	0	1,914	1,914
Net Income	6,009	56,347	62,356
Net Assets Beginning of Year	79,928	187,015	266,943
Net Assets End of Year	$85,937	$243,362	$329,299

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS
Year Ended June 30, 2007

	Central Services	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Other Funds	$448,521	$1,543,336	$1,991,857
Cash Received from Employees & Others	2,135	107,920	110,055
Cash Payments to Suppliers for Services	(255,083)	(1,940,039)	(2,195,122)
Net Cash Provided by (Used in) Operating Activities	195,573	(288,783)	(93,210)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Income	0	1,914	1,914
CASH FLOWS FROM FINANCING ACTIVITIES:			
Prior Year Warrants Written in Excess of Bank Balance	(107,413)	0	(107,413)
Net Increase (Decrease) in Cash	88,160	(286,869)	(198,709)
Cash Beginning of Year	0	463,359	463,359
Cash End of Year	$88,160	$176,490	$264,650
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating Income	$6,009	$54,433	$60,442
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Increase in Receivables	186,487	(60,922)	125,565
Increase in Payables	3,077	(282,294)	(279,217)
Net Cash Provided By (Used in) Operating Activities	$195,573	$(288,783)	$(93,210)

See Accompanying Independent Auditors' Report.

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CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
June 30, 2007

	Elected Officials	Other	Total
ASSETS			
Cash and Pooled Investments:			
County Treasurer	$0	$2,790,172	$2,790,172
Other County Officials	203,574	0	203,574
Receivables:			
Property Tax			
Delinquent	0	1,543	1,543
Succeeding Year	0	43,515,049	43,515,049
Accounts	732	4,961	5,693
Assessments	0	1,314,705	1,314,705
Due From Other Governments	0	126,226	126,226
Total Assets	$204,306	$47,752,656	$47,956,962
LIABILITIES			
Accounts Payable	$0	$151,127	$151,127
Salaries and Benefits Payable	0	9,875	9,875
Due to Other Governments	101	47,526,294	47,526,395
Trusts Payable	204,205	45,666	249,871
Compensated Absences	0	19,694	19,694
Total Liabilities	$204,306	$47,752,656	$47,956,962

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS
June 30, 2007

	Board of Supervisors Conservators	Veterans Affairs	Recorder	Sheriff	Total
ASSETS					
Cash and Pooled Investments:					
Other County Officials	$62,268	$995	$(631)	$140,942	$203,574
Receivables:					
Accounts	0	0	732	0	732
Total Assets	$62,268	$995	$101	$140,942	$204,306
LIABILITIES					
Due to Other Governments	$0	$0	$101	$0	$101
Trusts Payable	62,268	995	0	140,942	204,205
Total Liabilities	$62,268	$995	$101	$140,942	$204,306

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS
June 30, 2007

	Agricultural Extension Education	County Assessor	County Special Appraisal	City Assessor
ASSETS				
Cash and Pooled Investments:				
County Treasurer	$2,185	$164,970	$197,944	$46,984
Receivables:				
Property Tax:				
Delinquent	8	8	6	8
Succeeding Year	199,424	261,483	168,917	182,787
Accounts	0	1,702	0	749
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Total Assets	$201,617	$428,163	$366,867	$230,528
LIABILITIES				
Accounts Payable	$0	$2,078	$14,871	$953
Salaries and Benefits Payable	0	4,826	0	2,626
Due to Other Governments	201,617	410,806	351,996	221,303
Trusts Payable	0	0	0	0
Compensated Absences	0	10,453	0	5,646
Total Liabilities	$201,617	$428,163	$366,867	$230,528

See Accompanying Independent Auditors' Report.

City Special Appraisal	Schools	Community Colleges	Corporations	Townships	City Special Assessments
$119,819	$258,850	$12,022	$175,041	$2,683	$15,070
1	933	45	522	7	0
20,118	23,182,727	1,152,614	17,404,369	197,961	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	1,247,388
0	0	0	0	0	0
$139,938	$23,442,510	$1,164,681	$17,579,932	$200,631	$1,262,458
$47,523	$0	$0	$0	$0	$0
0	0	0	0	0	0
92,415	23,442,510	1,164,681	17,579,932	200,631	1,262,458
0	0	0	0	0	0
0	0	0	0	0	0
$139,938	$23,442,510	$1,164,681	$17,579,932	$200,631	$1,262,458

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued)
June 30, 2007

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary	County EMS Association
ASSETS					
Cash and Pooled Investments:					
County Treasurer	$832,676	$77	$50,320	$14,548	$5,729
Receivables:					
Property Tax:					
Delinquent	0	0	0	5	0
Succeeding Year	0	6,109	0	738,540	0
Accounts	0	0	0	0	0
Assessments	0	0	0	67,317	0
Due From Other Governments	0	0	121,023	0	1,500
Total Assets	$832,676	$6,186	$171,343	$820,410	$7,229
LIABILITIES					
Accounts Payable	$0	$0	$81,691	$0	$0
Salaries and Benefits Payable	0	0	1,512	0	0
Due to Other Governments	832,676	6,186	88,140	820,410	7,229
Trusts Payable	0	0	0	0	0
Compensated Absences	0	0	0	0	0
Total Liabilities	$832,676	$6,186	$171,343	$820,410	$7,229

Advance Tax	Cash Long/Short	Dispute Resolution	E911 Operations	Advanced Law Enforcement Investigative and Administrative System	Recorder's Transfer Fee	Pass-Through Projects	Employee Benefits	Total
$40,977	$777	$37,118	$804,377	$2,333	$1,003	$0	$4,689	$2,790,172
0	0	0	0	0	0	0	0	1,543
0	0	0	0	0	0	0	0	43,515,049
0	0	1,497	0	0	1,013	0	0	4,961
0	0	0	0	0	0	0	0	1,314,705
0	0	0	0	0	0	3,703	0	126,226
$40,977	$777	$38,615	$804,377	$2,333	$2,016	$3,703	$4,689	$47,752,656
$0	$0	$308	$0	$0	$0	$3,703	$0	$151,127
0	0	911	0	0	0	0	0	9,875
0	777	33,801	804,377	2,333	2,016	0	0	47,526,294
40,977	0	0	0	0	0	0	4,689	45,666
0	0	3,595	0	0	0	0	0	19,694
$40,977	$777	$38,615	$804,377	$2,333	$2,016	$3,703	$4,689	$47,752,656

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year Ended June 30, 2007

	Elected Officials			
	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
ASSETS				
Cash and Pooled Investments:				
Other County Officials	$148,465	$2,586,468	$2,531,359	$203,574
Receivables:				
Accounts	570	732	570	732
Total Assets	$149,035	$2,587,200	$2,531,929	$204,306
LIABILITIES				
Due to Other Governments	$52	$2,382,995	$2,382,946	$101
Trusts Payable	148,983	204,205	148,983	204,205
Total Liabilities	$149,03	$2,587,200	$2,531,929	$204,306

	Other Agency Funds			
	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
ASSETS				
Cash and Pooled Investments:				
County Treasurer	$2,784,109	$11,013,584	$11,007,521	$2,790,172
Receivables:				
Property Tax:				
Delinquent	826	1,543	826	1,543
Succeeding Year	42,029,501	43,515,049	42,029,501	43,515,049
Accounts	36,823	4,961	36,823	4,961
Interest	0	0	0	0
Due From Other Governments	1,085,805	1,314,705	1,085,805	1,314,705
Assessments	62,182	126,226	62,182	126,226
Total Assets	$45,999,246	$55,976,068	$54,222,658	$47,752,656
LIABILITIES				
Accounts Payable	$86,638	$151,127	$86,638	$151,127
Salaries and Benefits Payable	8,933	9,875	8,933	9,875
Due to Other Governments	45,852,377	55,749,706	54,075,789	47,526,294
Trusts Payable	32,237	45,666	32,237	45,666
Compensated Absences	19,061	19,694	19,061	19,694
Total Liabilities	$45,999,246	$55,976,068	$54,222,658	$47,752,656

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS
Year Ended June 30, 2007

	Board of Supervisors Conservators	Veterans Affairs	Auditor	Recorder	Sheriff	Total
ASSETS AND LIABILITIES						
Balance Beginning of Year	$56,462	$993	$0	$52	$91,528	$149,035
Additions:						
Office Fees and Collections	0	0	3,048	908,742	1,041,982	1,953,772
Trusts	356,516	2	0	0	276,910	633,428
Total Additions	356,516	2	3,048	908,742	1,318,892	2,587,200
Deductions:						
Agency Remittances:						
To County Funds	0	0	3,048	374,614	101,028	478,690
To Other Governments	0	0	0	533,062	608	533,670
Trusts Paid Out	350,710	0	0	1,017	1,167,842	1,519,569
Total Deductions	350,710	0	3,048	908,693	1,269,478	2,531,929
Balance End of Year	$62,268	$995	$0	$101	$140,942	$204,306

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS
Year Ended June 30, 2007

	Agricultural Extension Education	County Assessor	County Special Appraisal	City Assessor
ASSETS AND LIABILITIES				
Balance Beginning of Year	$195,828	$398,684	$293,323	$214,444
Additions:				
Property and Other County Tax	201,209	273,927	173,352	178,080
E911 Surcharge	0	0	0	0
State Tax Credits	7,393	9,841	3,506	6,185
Auto Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	0	0	0	0
Miscellaneous	0	8,515	0	6,775
From Other Funds	0	50,000	0	0
Total Additions	208,602	342,283	176,858	191,040
Deductions:				
Agency Remittances:				
To Other Funds	0	0	50,000	0
To Other Governments	202,813	312,804	53,314	174,956
Trusts Paid Out	0	0	0	0
Total Deductions	202,813	312,804	103,314	174,956
Balance End of Year	$201,617	$428,163	$366,867	$230,528

See Accompanying Independent Auditors' Report.

City Special Appraisal	Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax
$140,216	$22,922,780	$1,077,384	$16,885,376	$197,764	$1,049,732	$789,866
19,827	23,319,558	1,162,440	16,917,346	204,976	0	0
0	0	0	0	0	0	0
383	878,905	40,685	553,346	8,831	0	0
0	0	0	0	0	0	9,147,773
0	0	0	0	0	527,648	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
20,210	24,198,463	1,203,125	17,470,692	213,807	527,648	9,147,773
0	0	0	0	0	0	314,248
20,488	23,678,733	1,115,828	16,776,136	210,940	314,922	8,790,715
0	0	0	0	0	0	0
20,488	23,678,733	1,115,828	16,776,136	210,940	314,922	9,104,963
$139,938	$23,442,510	$1,164,681	$17,579,932	$200,631	$1,262,458	$832,676

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued)
Year Ended June 30, 2007

	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary	County EMS Association	Advance Tax
ASSETS AND LIABILITIES					
Balance Beginning of Year	$6,903	$183,943	$791,536	$12,663	$34,761
Additions:					
Property and Other County Tax	15,206	0	721,833	0	0
E911 Surcharge	0	0	0	0	0
State Tax Credits	261	0	17,639	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	0	64,613	0	0
Trusts	0	0	0	0	6,216
Miscellaneous	0	562,039	0	4,500	0
From Other Funds	0	0	0	0	0
Total Additions	15,467	562,039	804,085	4,500	6,216
Deductions:					
Agency Remittances:					
To Other Funds	0	0	0	0	0
To Other Governments	16,184	574,639	775,211	9,934	0
Trusts Paid Out	0	0	0	0	0
Total Deductions	16,184	574,639	775,221	9,934	0
Balance End of Year	$6,186	$171,343	$820,410	$7,229	$40,977

Cash Long/Short	Tax Sale Redemption	Dispute Resolution	E911 Operations	Advanced Law Enforcement Investigative and Administrative System	Recorder's Transfer Fee	Pass-Through Projects	Employee Benefits	Total
$791	$0	$44,516	$734,085	$23,502	$2,041	$1,632	($2,524)	$45,999,246
0	0	0	0	0	0	0	0	43,187,754
0	0	0	148,161	0	0	0	0	148,161
0	0	0	0	0	0	0	0	1,526,975
0	0	0	0	0	0	0	0	9,147,773
0	0	0	0	0	0	0	0	592,261
0	442,477	0	0	0	0	0	0	691,240
0	0	51,449	14,151	24,150	10,325	78,867	163,680	681,904
0	0	0	0	0	0	0	0	50,000
0	442,477	51,449	162,312	24,150	10,325	78,867	163,680	56,026,068
0	0	0	0	0	0	0	0	364,248
14	0	57,350	92,020	45,319	10,350	0	0	53,232,670
0	442,477	0	0	0	0	76,796	156,467	675,740
14	442,477	57,350	92,020	45,319	10,350	76,796	156,467	54,272,658
$777	$0	$38,615	$804,377	$2,333	$2,016	$3,703	$4,689	$47,752,656

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE
Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deletions	**Balance June 30, 2007**
ASSETS				
Land	$ 1,646,392	$ -	$ -	$ **1,646,392**
Construction in Process	759,369	6,890,439	-	**7,649,808**
Buildings and Structures	4,414,089	-	-	**4,414,089**
Improvements other than Buildings	417,751	-	-	**417,751**
Machinery and Equipment	6,453,846	206,244	165,735	**6,494,355**
Licensed Vehicles	3,223,920	308,658	209,499	**3,323,079**
Infrastructure	29,242,485	1,446,396	-	**30,688,881**
	$ 46,157,852	$ 8,851,737	$ 375,234	$ **54,634,355**
FUNDING SOURCE				
General Fund	$ 5,991,858	$ 89,333	$ 68,667	$ **6,012,524**
Special Revenue Funds	37,957,821	1,861,665	306,567	**39,512,919**
Capital Project Fund	2,208,173	6,900,739	-	**9,108,912**
	$ 46,157,852	$ 8,851,737	$ 375,234	$ **54,634,355**

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
AS OF JUNE 30, 2007

	Land	Construction in Process	Buildings and Structures
Public Safety and Legal Services			
Law Enforcement	$ -	7,649,808	610,931
Legal Services	-	-	-
Total Public Safety and Legal Services	-	7,649,808	610,931
Physical Health and Social Services:			
Physical Health Services	-	-	-
Services to Poor	-	-	-
Services to Military Veterans	-	-	-
Total Physical Health and Social Services	-	-	-
Mental Health:			
Persons with Chronic Mental Illness	-	-	-
Total Mental Health	-	-	-
County Environment and Education:			
Environmental Quality Program	-	-	-
Conservation and Recreation Services	150,798	-	490,292
County Development	-	-	-
Total County Environment and Education	150,798	-	490,292
Roads and Transportation:			
Secondary Roads Administration and Engineering	-	-	325,259
Roadway Maintenance	-	-	-
General Roadway Expenditures	-	-	229,970
Total Roads and Transportation	-	-	555,229
State and Local Government Services:			
Representation Services	-	-	
State Administration Services		-	
Total State and Local Government Services	-	-	-
Interprogram Services:			
Policy and Administration		-	439,330
Central Services	1,495,594	-	2,318,307
Total Interprogram Services	1,495,594	-	2,757,637
Total Capital Assets	**$ 1,646,392**	**7,649,808**	**$ 4,414,089**

Improvements other than Buildings	Machinery and Equipment	Licensed Vehicles	Infrastructure	Total
-	413,435	508,882	-	$ 9,183,056
-	34,237	-	-	34,237
-	447,672	508,882	-	9,217,293
-	225,889	80,754	-	306,643
-	6,371	-	-	6,371
-	-	-	-	-
-	232,260	80,754	-	313,014
-	14,310	22,313	-	36,623
-	14,310	22,313	-	36,623
-	-	-	-	-
44,974	237,831	230,050	-	1,153,945
-	5,157	10,641	-	15,798
44,974	242,988	240,691	-	1,169,743
31,151	85,295	51,827	-	493,532
-	76,025	107,837	30,688,881	30,872,743
-	4,409,330	2,310,775	-	6,950,075
31,151	4,570,650	2,470,439	30,688,881	38,316,350
-	390,599		-	390,599
	48,907		-	48,907
-	439,506	-	-	439,506
	55,248	-	-	494,578
341,626	491,721	-	-	4,647,248
341,626	546,969	-	-	5,141,826
417,751	$ 6,494,355	$ 3,323,079	$ 30,688,881	54,634,355

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deletions	**Balance June 30, 2007**
Public Safety and Legal Services				
Law Enforcement	$ 2,293,656	$ 7,005,327	$ 115,927	$ **9,183,056**
Legal Services	34,237	-	-	**34,237**
Total Public Safety and Legal Services	2,327,893	7,005,327	115,927	**9,217,293**
Physical Health and Social Services:				
Physical Health Services	306,643	-	-	**306,643**
Services to Poor	6,371	-	-	**6,371**
Services to Military Veterans	-	-	-	-
Total Physical Health and Social Services	313,014	-	-	**313,014**
Mental Health:				
Persons with Chronic Mental Illness	44,531	13,037	20,945	**36,623**
Total Mental Health	44,531	13,037	20,945	**36,623**
County Environment and Education:				
Environmental Quality Program	-	-	-	-
Conservation and Recreation Services	1,155,251	19,980	21,286	**1,153,945**
County Development	5,157	10,641	-	**15,798**
Total County Environment and Education	1,160,408	30,621	21,286	**1,169,743**
Roads and Transportation:				
Secondary Roads Administration and Engineering	493,532	-	-	**493,532**
Roadway Maintenance	29,426,347	1,446,396	-	**30,872,743**
General Roadway Expenditures	6,793,424	320,009	163,358	**6,950,075**
Total Roads and Transportation	18,949,803	1,766,405	163,358	**38,316,350**
Government Services to Residents:				
Representation Services	380,299	10,300	-	**390,599**
State Administration Services	48,907	-	-	**48,907**
Total Government Services to Residents	429,206	10,300	-	**439,506**
Administration:				
Policy and Administration	494,578	-	-	**494,578**
Central Services	4,674,919	26,047	53,718	**4,647,248**
Total Administration	5,169,497	26,047	53,718	**5,141,826**
Total Capital Assets	**$ 28,394,352**	**$ 8,851,737**	**$ 375,234**	**54,634,355**

CERRO GORDO COUNTY, IOWA

STATISTICAL SECTION
June 30, 2007

This part of Cerro Gordo County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents **Pages**

Financial Trends
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. 81-88

Revenue Capacity
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax. 89-97

Debt Capacity
These schedules present information to help the readers assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. 98-102

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. 103-104

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. 105-110

CERRO GORDO COUNTY, IOWA

NET ASSETS BY COMPONENT
Last Five Fiscal Years*
(Accrual basis of accounting)
(Unaudited)

	Fiscal Year	
	2003	2004
Government activities:		
Invested in capital assets, net of related debt	$ 8,363,575	$ 9,761,714
Restricted	4,630,537	3,241,336
Unrestricted	4,357,591	4,610,114
Total Government activities net assets	$ 17,351,703	$ 17,613,164
Business-type activities:		
Invested in capital assets, net of related debt	$ 460,966	$ 1,924,793
Restricted	-	-
Unrestricted	1,483,044	44,199
Total Business-type activities net assets	$ 1,944,010	$ 1,968,992
Primary Government:		
Invested in capital assets, net of related debt	$ 8,824,541	$ 11,686,507
Restricted	4,630,537	3,241,336
Unrestricted	5,840,635	4,654,313
Total Business-type activities net assets	$ 19,295,713	$ 19,582,156

*Cerro Gordo County, Iowa implemented GASB 34 in FY2003.

Source: County Records

Fiscal Year		
2005	2006	2007
$ 13,727,858	$ 19,084,939	$ 25,918,908
3,083,406	5,369,094	7,059,287
3,600,840	2,972,174	4,705,865
$ 20,412,104	$ 27,426,207	$ 37,684,060
$ 1,748,701	$ 1,765,188	$ 1,971,672
-	-	-
132,894	49,236	(240,350)
$ 1,881,595	$ 1,814,424	$ 1,731,322
$ 15,476,559	$ 20,850,127	$ 27,890,580
3,083,406	5,369,094	7,059,287
3,733,734	3,021,410	4,465,515
$ 22,293,699	$ 29,240,631	$ 39,415,382

CERRO GORDO COUNTY, IOWA

CHANGES IN NET ASSETS
Last Five Fiscal Years*
(Accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses:					
Government activities:					
Public safety and legal services	$ 4,308,699	$ 4,431,064	$ 4,590,463	$ 4,827,135	$ 5,598,566
Physical health and social services	3,683,099	4,107,546	4,104,085	4,274,119	4,730,060
Mental health	5,003,380	5,221,710	5,225,350	5,617,449	5,851,088
County environment and education	888,743	1,296,647	923,060	1,291,161	1,128,411
Roads and transportation	3,633,925	4,704,427	5,591,263	4,996,566	6,085,524
Government services to residents	751,404	674,627	804,185	892,862	895,995
Administration or general government	1,970,255	2,671,926	2,050,532	2,441,271	2,227,192
Non-program	341,615	146,647	1,063,732	319,240	266,798
Interest on long-term debt	29,262	22,388	37,859	37,976	604,169
Capital projects	398,312	-	-	-	-
Total governmental activities expenses	21,008,694	23,276,982	24,390,529	24,697,779	27,387,803
Business-type activities:					
Wastewater collection and treatment	71,877	126,426	248,320	137,422	144,092
Total government expenses	$ 21,080,571	$ 23,403,408	$ 24,638,849	$ 24,835,201	$ 27,531,895
Program Revenues:					
Government activities:					
Charges for services:					
Public safety and legal services	$ 432,584	$ 399,983	$ 544,358	$ 556,195	$ 457,988
Physical health and social services	691,980	726,481	698,391	510,549	500,140
Mental health	410,470	37,978	56,119	514,799	52,699
County environment and education	75,748	169,280	161,248	82,626	78,750
Roads and Transportation	90,634	450,070	661,816	547,931	100,061
Government services to residents	753,603	782,932	687,499	676,740	677,734
Administration or general government	94,347	170,474	107,919	269,375	257,804
Non-program	559,631	81,831	331,394	468,310	87,828
Capital Projects	480,535	49,799	-	-	-
Operating grants and contributions	6,266,218	8,903,694	9,275,378	9,019,060	10,668,131
Capital grants and contributions	792,603	-	2,445,455	5,216,480	850,690
Total governmental activities	10,648,353	11,772,522	14,969,577	17,862,065	13,731,825
Business-type activities:					
Charges for services:					
Wastewater collection and treatment	368,340	151,408	160,923	70,251	60,990
Total business-type activities	368,340	151,408	160,923	70,251	60,990
Total government program	$ 11,016,693	$ 11,923,930	$ 15,130,500	$ 17,932,316	$ 13,792,815

CERRO GORDO COUNTY, IOWA

CHANGES IN NET ASSETS (Continued)
Last Five Fiscal Years*
(Accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue:					
Governmental activities	$ (10,360,341)	$ (11,504,460)	$ (9,420,952)	$ (6,835,714)	$ (13,655,978)
Business-type activities	296,463	24,982	(87,397)	(67,171)	(83,102)
Total government net expense	$ (10,063,878)	$ (11,479,478)	$ (9,508,349)	$ (6,902,885)	$ (13,739,080)
General Revenues and Other Changes in Net Assets:					
Governmental activities					
Property and other county tax levied for:					
General purposes	$ 8,551,715	$ 8,788,746	$ 9,443,597	$ 11,129,894	$ 11,789,658
Debt service	170,744	-	374,667	571,714	1,465,976
Penalty and interest on property tax	117,361	106,704	126,247	139,522	130,746
State tax credits, unrestricted	965,074	399,747	422,743	483,123	498,856
Local option sales and service tax	1,454,813	1,769,845	1,228,557	1,411,660	1,520,121
Unrestricted grants and contributions	23,202	198,621	45,959	68,051	-
Unrestricted investment earnings	278,751	142,318	275,773	533,762	1,141,111
Loss on Disposal of Capital Assets	-	-	-	-	(18,897)
Miscellaneous	283,284	298,337	302,349	848,945	358,647
Total governmental activities	11,844,944	11,704,318	12,219,892	15,186,671	16,886,218
Business-type activities:					
Wastewater collection and treatment	12,353	-	-	-	-
Total business-type activities	$ 12,353	$ -	$ -	$ -	$ -
Total government	$ 11,857,297	$ 11,704,318	$ 12,219,892	$ 15,186,671	$ 16,886,218
Changes in Net Assets:					
Governmental activities	$ 1,484,603	$ 199,858	$ 2,798,940	$ 8,350,957	$ 3,230,240
Business-type activities	308,816	24,982	(87,397)	(67,171)	(83,102)
Total government program	$ 1,793,419	$ 224,840	$ 2,711,543	$ 8,283,786	$ 3,147,138

*Cerro Gordo County, Iowa implemented GASB 34 in FY2003.

Source: County Records

CERRO GORDO COUNTY, IOWA

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified accrual accounting)
(Unaudited)

	1998	1999	2000	2001
General Fund				
Reserved	$ 450,000	$ 429,937	$ 397,769	$ 362,931
Unreserved	3,026,637	3,391,500	3,952,844	4,177,714
Total General Fund	$ 3,476,637	$ 3,821,437	$ 4,350,613	$ 4,540,645
All Other Governmental Funds				
Reserved for:				
Debt Service	$ 9,750	$ 6,593	$ 64,037	$ 58,733
Inventories, endowment & other	863,542	993,870	1,069,904	1,074,354
Unreserved, reported in:				
Special revenue funds	2,794,983	2,472,055	2,662,857	2,513,650
Capital Project funds	348,413	797,142	554,879	74,047
Total all other governmental funds	$ 4,016,688	$ 4,269,660	$ 4,351,677	$ 3,720,784

Source: County Records

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
$	-	$ -	$ -	$ -	$ -	$ -
	4,752,314	4,035,231	3,298,960	3,060,094	4,088,421	5,142,234
$	4,752,314	$ 4,035,231	$ 3,298,960	$ 3,060,094	$ 4,088,421	$ 5,142,234
$	93,479	$ 78,070	$ 75,186	$ 56,281	$ 91,890	$ 65,005
	1,225,885	1,228,790	1,217,766	890,990	1,543,517	1,335,305
	2,876,136	3,786,949	3,908,195	3,624,846	4,340,613	5,583,371
	32,138	35,713	884,846	507,822	(588,497)	6,089,979
$	4,227,638	$ 5,129,522	$ 6,085,993	$ 5,079,939	$ 5,387,523	$ 13,073,660

CERRO GORDO COUNTY, IOWA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified accrual accounting)
(Unaudited)

	Fiscal Year			
	1998	1999	2000	2001
Revenues:				
Property and Other County Tax	$ 8,534,454	$ 9,085,059	$ 9,681,668	$ 9,963,952
Interest and Penalty on Property Tax	114,008	150,527	109,952	113,886
Intergovernmental	6,483,887	6,898,244	7,531,032	7,642,241
Licenses and Permits	20,378	23,438	16,856	25,682
Charges for Services	1,155,324	1,193,928	1,168,535	1,232,560
Use of Money and Property	595,154	526,936	681,312	713,248
Miscellaneous	476,020	861,608	647,514	786,479
Total Revenues	17,379,225	18,739,740	19,836,869	20,478,048
Expenditures:				
Public safety and legal services	2,734,446	2,939,989	3,278,743	3,644,249
Physical health and social services	2,422,147	2,699,479	2,843,920	3,038,370
Mental health	4,556,624	5,016,103	5,007,406	5,263,698
County environment and education	511,200	655,901	534,156	580,585
Roads and transportation	3,675,686	3,630,491	3,546,455	4,328,377
Government services to residents	520,785	577,648	589,493	612,996
Administration	1,673,415	1,620,502	1,625,355	1,652,354
Non-program	47,556	69,611	88,137	34,299
Debt service				
Interest	47,505	23,655	70,583	72,871
Principal	510,000	115,000	465,000	590,000
Capital projects	1,524,879	2,161,535	1,966,240	1,230,675
Total Expenditures	18,224,243	19,509,914	20,015,488	21,048,474
Excess of revenues over (under) expenditures	(845,018)	(770,174)	(178,619)	(570,426)
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	29,437	9,360	56,937	106,699
Transfers in	364,075	1,830,061	1,743,499	2,345,026
Transfers out	(364,075)	(1,830,061)	(1,743,499)	(2,345,026)
Proceeds from drainage warrants	23,691	13,459	91,619	25,007
Preceeds from capital lease purchase agreement	-	-	-	-
General obligation notes issued	-	1,217,951	505,067	-
Capital lease purchase agreement	-	-	-	-
Discount on general obligation notes	-	-	-	-
Total other financing sources (uses)	53,128	1,240,770	653,623	131,706
Net change in fund balances	$ (791,890)	$ 470,596	$ 475,004	$ (438,720)
Debt service as % of noncapital expenditures	3.34%	0.80%	2.97%	3.34%

Source: County Records

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
	$ 9,928,084	$ 10,152,625	$ 10,570,374	$ 11,061,423	$ 13,118,367	$ 14,782,265
	128,449	110,045	118,295	126,247	139,522	130,746
	8,150,270	9,214,984	9,722,154	12,701,807	11,191,640	11,356,056
	17,870	255,666	270,476	297,721	324,776	327,967
	1,607,381	1,537,166	1,292,565	1,228,309	1,205,710	1,132,140
	411,350	274,923	228,181	374,870	637,056	1,246,172
	681,393	863,485	1,215,451	950,043	1,203,546	867,131
	20,924,797	22,408,894	23,417,496	26,740,420	27,820,617	29,842,477
	3,838,927	4,222,779	4,251,143	4,541,026	4,808,056	5,565,965
	3,494,239	3,615,357	3,913,976	4,006,819	4,251,999	4,725,534
	4,790,348	5,003,304	5,198,915	5,209,344	5,611,348	5,861,602
	592,431	855,482	921,991	880,494	1,235,315	1,112,434
	4,577,949	4,496,519	4,551,633	4,885,745	5,111,457	4,513,467
	754,305	729,694	742,415	803,724	827,433	830,775
	1,626,570	1,719,801	1,902,524	1,841,707	1,872,576	2,157,767
	31,871	296,741	207,694	354,230	169,026	72,906
						-
	44,763	30,192	18,738	37,012	640,000	1,160,000
	295,000	235,000	60,000	425,000	33,630	435,718
	611,437	1,605,101	2,281,067	5,027,808	3,267,852	7,893,520
	20,657,840	22,809,970	24,050,096	28,012,909	27,828,692	34,329,688
	266,957	(401,076)	(632,600)	(1,272,489)	(8,075)	(4,487,211)
	126,375	150	8,000	11,400	204,378	21,910
	2,334,764	1,953,484	2,158,917	2,095,971	2,372,050	2,461,511
	(2,227,594)	(2,140,837)	(2,241,321)	(2,001,214)	(2,372,050)	(2,461,511)
	33,964	1,659	16,543	10,340	24,554	7,199
	21,483	-	-	-	24,394	-
	-	-	1,109,907	200,000	500,000	13,500,000
	-	600,986	-	-	-	-
	-	-	-	(1,320)	(5,473)	(123,514)
	288,992	415,442	1,052,046	315,177	747,853	13,405,595
	$ 555,949	$ 14,366	$ 419,446	$ (957,312)	$ 739,778	$ 8,918,384
	1.69%	1.25%	0.36%	2.01%	2.74%	6.04%

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CERRO GORDO COUNTY, IOWA

PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Five Fiscal Years*
(Accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Government activities:					
Public safety and legal services	$ 859,858	$ 871,914	$ 993,783	$ 1,005,372	$ 1,537,752
Physical health and social services	2,296,479	2,541,021	2,713,092	2,972,838	3,210,734
Mental health	2,689,083	3,073,718	3,303,908	2,962,403	3,758,706
County environment and education	167,089	246,775	212,211	132,769	149,244
Roads and Transportation	2,561,946	3,815,417	6,342,834	9,247,719	4,027,815
Government services to residents	778,594	782,932	916,099	754,886	697,549
Administration or general government	135,347	171,105	107,919	317,768	258,451
Non-program	679,422	91,847	379,731	468,310	91,574
Capital Projects	480,535	177,793	-	-	-
Total Governmental activities program revenues	10,648,353	11,772,522	14,969,577	17,862,065	13,731,825
Business-type activities:					
Wastewater collection and treatment	368,340	151,408	160,923	70,251	60,990
Total business-type activities program revenues	368,340	151,408	160,923	70,251	60,990
Total government program	$ 11,016,693	$ 11,923,930	$ 15,130,500	$ 17,932,316	$ 13,792,815

*Cerro Gordo County, Iowa implemented GASB 34 in FY2003.

Source: County Records

CERRO GORDO COUNTY, IOWA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)
Last Ten Fiscal Years
(Unaudited)

	Assessed Value and Actual Value of Taxable Property			
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property
1998	$ 962,629,411	$ 232,744,407	$ 91,772,181	$ 231,612,515
1999	1,135,541,943	255,651,531	98,659,687	256,668,664
2000	1,175,861,095	256,647,793	87,096,328	251,185,732
2001	1,285,141,613	273,058,047	92,477,845	279,884,960
2002	1,378,362,141	278,148,059	94,723,846	276,298,362
2003	1,446,224,242	330,952,120	103,694,495	277,587,342
2004	1,497,415,171	352,973,493	104,854,672	281,099,208
2005	1,611,741,386	377,229,604	107,330,489	244,175,206
2006	1,669,700,033	387,968,624	108,897,495	243,226,460
2007	1,847,067,126	406,188,967	115,663,644	243,061,267

	Taxable Value of Property			
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property
1998	$ 566,299,420	$ 232,744,407	$ 91,772,181	$ 231,612,515
1999	623,212,570	230,131,680	93,408,796	247,481,495
2000	663,364,554	256,647,793	87,096,328	251,183,880
2001	703,980,195	269,078,877	92,477,845	269,635,865
2002	774,485,219	278,148,059	94,723,846	276,298,362
2003	746,690,164	322,364,729	103,694,495	277,587,342
2004	768,799,470	352,973,493	104,854,672	281,099,208
2005	778,583,429	373,980,577	107,330,489	244,175,206
2006	796,987,659	387,968,624	108,897,495	243,226,460
2007	841,230,630	402,277,964	115,663,644	243,061,267

Source: Cerro Gordo County Auditor's Office

(1) Net Taxable Value is the value on which real estate taxes are calculated and on which budgets of the various Levy Authorities are based. For property valued by local assessors, taxable value of property is the actual value of property multiplied by the statewide rollback rate that is determined annually by the Iowa Department of Management.
(2) Other Property includes utility property, railroad property, and gas and electric utility property, all of which are valued by the Iowa Department of Management. All other property classes are valued by the local assessor.
(3) Per $1,000 of value

Assessed Value and Actual Value of Taxable Property

TIF Increment	(2) Other Property	Total Assessed Taxable Property	Less: Military Tax-Exempt Property	Net Assessed Taxable Property
$ 65,430,581	$ 188,739,458	$ 1,772,928,553	$ 7,770,229	$ 1,765,158,324
37,527,231	184,024,929	1,968,073,985	7,612,384	1,960,461,601
64,944,208	177,120,383	2,012,855,539	7,474,493	2,005,381,046
63,173,024	171,880,167	2,165,615,656	7,359,848	2,158,255,808
66,247,060	166,587,656	2,260,367,124	7,231,164	2,253,135,960
63,909,159	159,002,012	2,381,369,370	7,108,709	2,374,260,661
63,650,574	155,758,848	2,455,751,966	6,968,150	2,448,783,816
71,183,983	152,267,639	2,563,928,307	6,860,915	2,557,067,392
75,170,736	355,470,345	2,840,433,693	6,721,097	2,833,712,596
84,837,300	557,830,644	3,254,648,948	6,725,715	3,247,923,233

Taxable Value of Property

TIF Increment	(2) Other Property	Total Taxable Property	Less: Military Tax-Exempt Property	Net Taxable Property	(3) Total Direct Tax Rate Urban
$ 64,613,275	$ 188,739,458	$ 1,375,781,256	$ 7,770,229	$ 1,368,011,027	4.94
65,462,038	178,241,777	1,437,938,356	7,612,384	1,430,325,972	4.94
64,944,208	177,120,383	1,500,357,146	7,472,641	1,492,884,505	5.16
63,173,024	171,708,214	1,570,054,020	7,359,848	1,562,694,172	5.14
66,247,060	166,587,656	1,656,490,202	7,231,164	1,649,259,038	4.70
63,909,159	158,644,547	1,672,890,436	7,108,709	1,665,781,727	4.70
63,650,574	155,758,848	1,727,136,265	6,968,150	1,720,168,115	4.59
71,183,983	137,128,009	1,712,381,693	6,860,915	1,705,520,778	5.28
75,170,736	149,339,489	1,761,590,463	6,721,097	1,754,869,366	6.20
84,837,300	185,780,708	1,872,851,513	6,725,715	1,866,125,798	6.20

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per $1,000 of assessed value)
(Unaudited)

	Fiscal Year Taxes are Payable			
	1998	1999	2000	2001
County Direct Rates:				
General Basic	2.84	3.22	3.30	3.30
General Supplemental	-	-	-	-
MH/DD Service	1.77	1.67	1.60	1.52
Debt Service	0.33	0.04	0.26	0.32
Total Urban County Rate	4.94	4.94	5.16	5.14
Rural Basic	3.46	3.58	3.49	3.32
Total Rural County Rate	8.40	8.52	8.64	8.46
City and Town Rates:				
Mason City	10.18	10.43	10.08	10.12
Clear Lake	9.49	8.33	8.11	8.11
Dougherty	14.28	13.87	14.25	13.64
Meservey	8.10	7.89	7.99	8.10
Plymouth	1.67	1.51	1.93	2.43
Rock Falls	6.13	6.63	6.57	6.55
Rockwell	8.10	8.10	8.10	8.10
Swaledale	23.15	26.34	25.08	20.31
Thornton	10.67	10.40	10.26	10.36
Ventura	8.74	8.22	8.68	7.40
Nora Springs	14.29	14.79	14.43	13.19
Township Rates:				
Bath	0.54	0.50	0.50	0.47
Clear Lake	0.41	0.36	0.32	0.31
Dougherty	0.34	0.31	0.31	0.29
Falls	0.54	0.54	0.54	0.54
Geneseo	0.48	0.45	0.45	0.44
Grant	0.43	0.40	0.45	0.43
Gimes	0.60	0.76	0.71	0.71
Lake	0.26	0.25	0.24	0.23
Lime Creek	0.41	0.41	0.41	0.41
Lincoln	0.35	0.33	0.33	0.31
Mason	0.61	0.61	0.41	0.41
Mount Vernon	0.32	0.30	0.30	0.24
Owen	0.57	0.53	0.53	0.52
Pleasant Valley	0.49	0.46	0.45	0.43
Portland	0.37	0.35	0.34	0.33
Union	0.30	0.30	0.31	0.31

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2002	2003	2004	2005	2006	2007
3.15	3.17	3.21	3.50	3.50	3.50
-	-	-	0.15	1.00	1.00
1.44	1.43	1.38	1.40	1.36	1.28
0.11	0.11	-	0.23	0.34	0.81
4.70	4.70	4.59	5.28	6.20	6.59
3.13	3.13	3.13	3.42	3.51	3.51
7.83	7.83	7.73	8.69	9.71	10.11
10.10	10.25	10.47	10.55	11.64	12.26
7.83	8.23	8.41	8.98	9.36	10.05
14.78	14.86	14.53	16.65	17.24	17.77
8.10	9.75	9.79	9.86	9.83	9.81
2.97	3.15	3.40	1.22	5.34	5.55
6.55	6.74	6.74	6.84	6.84	6.50
8.10	8.10	8.10	8.10	8.10	8.10
20.92	19.52	17.95	16.64	16.64	16.15
10.39	10.47	10.46	12.83	12.71	12.09
6.22	6.52	7.34	7.41	7.26	3.00
11.92	11.14	13.26	12.16	12.12	11.22
0.47	0.47	0.47	0.54	0.54	0.54
0.28	0.28	0.26	0.33	0.29	0.28
0.31	0.31	0.31	0.35	0.35	0.35
0.54	0.54	0.53	0.59	0.62	0.62
0.42	0.42	0.41	0.47	0.47	0.47
0.42	0.42	0.41	0.50	0.50	0.50
0.81	0.79	0.73	0.82	0.82	0.76
0.23	0.22	0.20	0.27	0.18	0.10
0.41	0.40	0.41	0.42	0.42	0.41
0.31	0.31	0.30	0.38	0.39	0.39
0.41	0.41	0.41	0.41	0.41	0.41
0.24	0.23	0.42	0.49	0.47	0.47
0.50	0.50	0.50	0.63	0.63	0.63
0.40	0.40	0.47	0.51	0.51	0.51
0.32	0.32	0.31	0.34	0.38	0.38
0.31	0.28	0.24	0.28	0.28	0.24

(Continued)

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES (Continued)
Last Ten Fiscal Years
(rate per $1,000 of assessed value)
(Unaudited)

	Fiscal Year Taxes are Payable			
	1998	1999	2000	2001
School District Rates:				
Clear Lake	14.42	13.84	13.22	13.34
Forest City	15.76	16.76	16.07	15.92
Mason City	14.42	15.88	14.94	14.50
Meservey-Thornton	9.75	9.93	9.74	10.77
Nora Springs-Rock Falls	15.00	15.21	14.53	14.68
North Central	13.69	13.44	13.99	13.44
Rockwell-Swaledale	10.78	10.58	11.09	10.81
Rudd-Rockford-Marble Rock	13.39	13.16	12.98	13.03
Sheffield-Chapin	11.25	13.76	13.37	13.10
Ventura	11.33	11.29	11.60	11.62
Township Rates:				
County Assessor	0.44	0.43	0.42	0.48
City Assessor	0.24	0.25	0.28	0.31
North Iowa Area Community College	0.50	0.51	0.54	0.53
Ag. Extension	0.11	0.11	0.11	0.11
State	0.01	0.01	0.01	0.01
Clear Lake Sanitary Sewer	1.81	1.82	1.82	1.81
Falls - Rock Falls Cemetery	0.07	0.07	0.07	0.07
Benefited Lighting District	0.23	0.23	0.23	0.23

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2002	2003	2004	2005	2006	2007
12.86	12.94	12.83	13.45	12.64	11.89
15.87	15.73	14.77	14.97	15.36	14.56
14.39	15.11	13.65	14.12	14.72	14.10
10.19	9.83	9.02	10.85	11.63	10.05
14.73	16.16	16.27	16.86	16.74	16.62
13.03	14.34	13.97	14.82	14.37	13.31
10.76	11.68	11.90	13.80	13.55	13.74
12.90	13.17	13.17	15.19	15.96	15.79
12.79	12.94	12.90	14.50	14.23	14.25
11.56	11.58	11.72	10.97	10.99	10.40
0.47	0.40	0.40	0.41	0.40	0.41
0.29	0.24	0.23	0.21	0.22	0.20
0.52	0.60	0.61	0.63	0.62	0.62
0.11	0.11	0.11	0.12	0.12	0.11
0.05	0.00	0.00	0.00	0.00	0.00
1.81	1.76	1.70	1.67	1.67	1.67
0.07	0.07	0.07	0.07	0.07	0.07
-	-	-	-	-	-

(Concluded)

CERRO GORDO COUNTY, IOWA

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

	Fiscal Year 2007			Fiscal Year 1998		
	Net Taxable Value	Rank	Percent of Total Taxable Value	Net Taxable Value	Rank	Percent of Total Taxable Value
Interstate Power Company	$ 65,389,680	1	3.50%	$ 33,831,124	1	2.47%
Lehigh Portland Cement Company	19,688,884	2	1.06%	28,705,024	2	2.10%
Union Pacific	17,063,089	3	0.91%	-	-	0.00%
Holnam Inc/Nothwestern States Portland Cement Co.	15,509,878	4	0.83%	25,565,125	3	1.87%
QWEST Corporation	15,243,606	5	0.82%	-	-	0.00%
Curries Company	14,871,918	6	0.80%	6,055,292	8	0.44%
Northern Border Pipeline	12,850,005	7	0.69%			0.00%
Mall Associates LLC	11,980,237	8	0.64%	-	-	0.00%
Hawkeye Power Partners LLC	10,661,782	9	0.57%	-	-	0.00%
Mason City Shopping Center	10,647,241	10	0.57%	5,452,124	10	0.40%
General Foods Corporation	-	-	-	18,887,364	4	1.38%
CAG Subsidary (Con Agra)	-	-	-	12,125,819	5	0.89%
US West/Northwestern Bell	-	-	-	12,022,395	6	0.88%
Principal Mutual Life	-	-	-	7,782,593	7	0.57%
Mason City Clinic	-	-	-	5,967,468	9	0.44%
	$ 193,906,320		10.39%	$ 156,394,328		11.43%

Net Taxable Value is the value on which real estate taxes are calculated and on which the budgets of the various Levy Authorities are based.

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections in Subsequent Years	Property Taxes Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	$ 35,904,786	$ 35,763,919	99.61%	$ 24,056	$ 35,787,975	99.67%
1999	38,974,766	38,912,357	99.84%	69,769	38,982,126	100.02%
2000	39,957,583	39,870,744	99.78%	7,310	39,878,054	99.80%
2001	39,666,372	39,603,479	99.84%	8,684	39,612,163	99.86%
2002	42,976,436	42,543,086	98.99%	18,382	42,561,468	99.03%
2003	44,383,926	44,169,153	99.52%	8,059	44,177,212	99.53%
2004	44,544,314	42,566,151	95.56%	144,700	42,710,851	95.88%
2005	47,203,216	45,252,976	95.87%	24,111	45,277,087	95.92%
2006	51,164,802	49,185,934	96.13%	-3,149	49,182,785	96.13%
2007	54,025,405	52,028,179	96.30%	16,638	52,044,817	96.33%

Total tax collections solely for Cerro Gordo County were:

Fiscal Year	Amount
1998	$7,319,823
1999	$7,830,349
2000	$8,433,188
2001	$8,311,186
2002	$9,016,960
2003	$9,175,330
2004	$9,194,534
2005	$10,259,896
2006	$11,607,154
2007	$12,752,868

Source: Cerro Gordo County Treasurer's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Capital Loan Notes	Governmental Activities: Capital Lease Purchases	Business-Type Activities: Sewer Revenue Capital Loan Notes	Total Government	Percentage of Personal Income (1)	Per Capita (1)
1998	$ -	$ 375,000	$ 159,472	$ 280,000	$ 814,472	0.07%	$ 17.48
1999	620,000	860,000	91,501	277,084	1,848,585	0.16%	39.83
2000	570,000	950,000	26,285	274,038	1,820,323	0.16%	39.44
2001	860,000	70,000	17,087	270,855	1,217,942	0.10%	26.67
2002	635,000	-	25,596	312,300	972,896	0.08%	20.95
2003	400,000	400,000	477,468	576,348	1,853,816	0.15%	40.62
2004	340,000	1,120,000	325,408	569,463	2,354,871	0.18%	51.94
2005	280,000	955,000	165,886	611,268	2,012,154	0.14%	44.60
2006	215,000	880,000	20,698	603,750	1,719,448	0.12%	38.19
2007	145,000	13,290,000	15,393	595,379	14,045,772	*	313.27

1. Calculated using population and personal income figures from Demographics and Economic Statistics Table.
* Information not yet available.

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	General Bonded Debt Outstanding: Total	Percentage Net Taxable Value of Property (1)	Per Capita (2)
1998	$ 375,000	$ 375,000	0.03%	$ 8.05
1999	1,480,000	1,480,000	0.10%	31.89
2000	1,520,000	1,520,000	0.10%	32.93
2001	930,000	930,000	0.06%	20.36
2002	635,000	635,000	0.04%	13.67
2003	400,000	400,000	0.02%	8.76
2004	1,460,000	1,460,000	0.08%	32.20
2005	1,235,000	1,235,000	0.07%	27.37
2006	1,095,000	1,095,000	0.06%	24.32
2007	13,435,000	13,435,000	0.72%	299.65

1. See Assessed Value and Actual Value of Taxable Property Schedule for property value data.
2. Calculated using population figure from Demographics and Economic Statistics Table.

Source: Cerro Gordo County Auditor's Office

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CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2007
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	$ 13,435,000	100.00%	$ 13,435,000
City debt:			
Clear Lake	5,600,000	100.00%	5,600,000
Mason City	14,367,406	100.00%	14,367,406
Nora Springs	230,000	6.80%	15,638
Thornton	305,000	100.00%	305,000
Ventura	224,000	100.00%	224,000
Total City debt			$ 20,512,044
School Districts:			
Clear Lake	$ 4,530,000	100.00%	$ 4,530,000
Forest City	2,705,000	3.38%	91,467
Mason City	19,955,000	100.00%	19,955,000
Nora Springs-Rock Falls	510,000	47.22%	240,835
North Central	2,885,000	26.95%	777,566
Rockwell-Swaledale	1,730,000	100.00%	1,730,000
Rudd-Rockford-Marble Rock	465,000	7.51%	34,943
Sheffield-Chapin	1,670,000	21.70%	362,311
Ventura	250,000	73.92%	184,811
Total School District debt			$ 27,906,933
Other Districts:			
Clear Lake Sanitary District	$ 4,735,000	100.00%	$ 4,735,000
Subtotal, overlapping debt			$ 53,153,977
Total direct and overlapping debt			$ 66,588,977

Source: Cities and school districts within Cerro Gordo County

CERRO GORDO COUNTY, IOWA

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	1998	1999	2000	2001
Debt Limit, 5% of Assessed Value	88,257,916	98,023,080	100,269,052	107,912,790
Total net debt applicable to limit	375,000	1,480,000	1,520,000	930,000
Legal Debt Margin	$ 87,882,916	$ 96,543,080	$ 98,749,052	$ 106,982,790
Total net debt applicable to the limit as a percentage of debt limit	0.42%	1.51%	1.52%	0.86%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value	$	3,247,923,233
Debt Limit (5% of assessed value)		162,396,162
Debt applicable to limit:		
General obligation bonds		145,000
General obligation capital loan notes		13,290,000
Capital leases		15,393
Total net debt applicable to limit		13,450,393
Legal debt margin	$	148,945,769

2002	2003	2004	2005	2006	2007
112,656,798	118,713,033	122,439,191	127,853,370	141,685,630	162,396,162
635,000	400,000	1,460,000	1,235,000	1,115,698	13,450,393
112,021,798 $	118,313,033 $	120,979,191 $	126,618,370 $	140,569,932 $	148,945,769
0.56%	0.34%	1.19%	0.97%	0.79%	8.28%

CERRO GORDO COUNTY, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Year	Population (1)	Personal Income (000's) (2)	Per Capita Personal Income (2)	Farm Proprietors (2)	School Emrollment (3)	Unemployment Rate (4)
1997	46,408	$ 1,089,210	$ 23,130	819	7,970	2.83%
1998	46,159	1,139,081	24,262	823	7,886	2.70%
1999	45,669	1,156,285	24,793	810	7,894	2.59%
2000	46,447	1,216,807	26,261	804	7,769	3.10%
2001	45,638	1,226,329	26,816	775	7,764	3.40%
2002	45,339	1,265,315	27,910	776	7,475	4.10%
2003	45,118	1,301,560	28,749	752	7,444	4.20%
2004	45,029	1,412,977	31,514	749	7,183	4.60%
2005	44,836	1,454,999	31,879	748	6,962	4.70%
2006	44,384	*	32,628	*	6,974	3.90%

(1) U.S. Census Bureau.
(2) Bureau of Economic Analysis, U.S. Department of Commerce.
(3) School districts in Cerro Gordo County.
(4) Iowa Workforce Development
* Information not yet available.

CERRO GORDO COUNTY, IOWA

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

	2007			1998		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Mercy Medical Center North Iowa	2,638	1	10.06%	500-999	1	2.77%
Curries Graham	1,212	2	4.62%	500-999	2	2.77%
Mason City Community School District	577	3	2.20%	-	-	-
Woodharbor Molding & Millwork Inc.	520	4	1.98%	-	-	-
Principal Life Insurance Co.	506	5	1.93%	500-999	3	2.77%
Hy-Vee Food Stores	475	6	1.81%	250-499	5	1.39%
City of Mason City	326	7	1.24%	-	-	-
Oscar Meyer Foods Corp Svc Co.	265	8	1.01%	-	-	-
Larson Manufacturing Co. of South Dakota	258	9	0.98%	-	-	-
Armour Food Co.	250	10	0.95%	-	-	-
Mason City Clinic	-	-	-	250-499	4	1.39%
Opportunity Village	-	-	-	250-499	6	1.39%
Alexander Manufacturing Co.	-	-	-	250-499	7	1.39%
Target Stores	-	-	-	250-499	8	1.39%
IMI Cornelius	-	-	-	250-499	9	1.39%
Armour Food Co.	-	-	-	250-499	10	1.39%
	$ 7,027		26.80%	$ 3,250 - 6,490		18.01%

Source: Number of Employees provided by Mason City Economic Development Corporation. Total Cerro Gordo County labor force provided by Iowa Workforce Development.

Note: Only actual number of employees for the current year is available. For prior years, only range of employees is available.

CERRO GORDO COUNTY, IOWA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
Function/Program	1998	1999	2000	2001
Public Safety and Legal Services:				
Sheriff	32.00	35.00	44.00	50.00
Attorney	11.00	11.00	11.00	11.00
Child Support Recovery	7.00	5.00	6.00	6.00
Physical Health and Social Services:				
Health Department	46.00	49.00	46.00	44.00
General Relief	1.25	1.25	1.25	1.25
Veteran Affairs	1.75	1.75	1.75	1.75
Mental Health:				
CPC	1.00	1.00	1.00	1.00
Case Management	6.00	6.00	6.00	5.00
County Environment and Education:				
Conservation	6.00	6.00	6.00	6.50
Planning and Zoning:	0.50	0.50	0.50	0.50
Roads and Transportation:				
Engineer	42.00	42.00	41.00	39.00
Roadsides	3.00	3.00	3.00	3.00
Governmental Services to Residents:				
Treasurer, motor vehicles	5.20	4.55	4.20	5.20
Recorder	5.00	5.00	5.00	5.00
Auditor, elections	1.50	1.50	2.50	2.50
Administration:				
Board of Supervisors	3.00	3.00	3.00	3.00
Auditor	7.50	7.50	5.50	5.50
Treasurer, tax	3.80	3.45	3.80	3.80
MIS	6.00	6.00	6.00	7.00
Courthouse Maintenance	2.50	2.50	2.50	2.50
Safety	0.50	0.50	0.50	0.50
Personnel	0.50	0.50	0.50	0.50
Total	193	196	201	205

Source: County Records

Fiscal Year					
2002	2003	2004	2005	2006	2007
50.00	54.00	53.00	53.00	51.00	61.00
11.00	11.00	11.00	11.00	10.00	11.00
7.00	7.00	7.00	7.00	7.00	7.00
46.00	51.00	49.00	49.00	49.00	51.00
1.25	1.25	1.25	1.35	1.35	1.35
1.75	1.75	1.75	1.65	1.65	1.65
1.00	1.00	1.50	1.50	1.50	1.50
6.00	7.00	7.00	9.00	10.00	9.00
6.50	6.50	6.50	6.50	6.00	6.00
0.50	0.50	1.00	1.00	1.00	1.00
41.00	42.00	43.00	43.00	43.00	40.00
3.00	3.00	3.00	3.00	3.00	3.00
6.60	6.60	6.60	6.60	6.60	6.60
5.00	5.00	5.00	5.00	5.00	5.00
3.00	2.50	3.00	3.00	3.00	3.00
3.00	3.00	3.50	3.50	3.50	3.50
5.50	5.50	5.50	5.50	5.50	6.50
2.40	2.40	2.40	2.40	2.40	2.40
7.00	7.00	6.00	7.00	7.00	7.00
2.50	2.50	2.50	2.50	2.50	2.50
0.50	0.50	0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50	0.50	0.50
211	222	221	224	221	231

CERRO GORDO COUNTY, IOWA

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
Function/Program	1998	1999	2000	2001
Public Safety and Legal Services:				
Sheriff:				
Weapon permits issued	267	263	281	275
Number of Jail bookings	2,139	2,141	2,270	2,504
Civil Papers Served	5,490	5,213	5,311	5,483
Service Calls	4,962	5,422	6,142	5,786
Number of Arrests	261	262	361	389
Citations and Warnings issued	1,061	1,805	2,463	2,211
Attorney:				
Number cases filed:				
Felony	294	267	270	374
Indictable Misdemeanor	1,574	1,628	1,327	1,249
Juvenile	159	172	199	180
Physical Health and Social Services:				
Health Department:				
Number of immunizations	6,309	7,437	6,247	6,738
Number nursing clients	369	436	544	541
Number nursing visits	8,083	7,502	6,020	5,677
Number Home care aide clients	277	246	231	261
Number Home care aide service hours	15,172	13,973	13,889	13,984
Number of food inspections	3,581	2,527	3,422	3,147
Mental Health:				
CPC: Persons served	380	797	817	884
County Environment and Education:				
Conservation:				
Number of camper nights	4,080	3,396	3,057	2,973
Conservation programs presented	210	186	184	272
People attending programs	9,064	9,838	9,145	11,336
Planning and Zoning:				
Zoning Permits issued	101	123	133	105
Board of Adjustment cases	63	38	55	42
Roads and Transportation:				
Engineer: Miles maintained	953	953	948	948
Governmental Services to Residents:				
Treasurer: Titles issued	16,459	16,955	15,990	16,270
Recorder: Documents recorded	10,268	13,144	12,385	10,294
Auditor:				
Registered voters	30,395	30,910	30,401	31,574
Absentee ballots requested	1,457	5,277	2,323	6,506

Source: County Records

Fiscal Year					
2002	2003	2004	2005	2006	2007
328	291	285	304	320	338
2,767	3,015	3,111	2,864	3,361	3,652
5,457	5,541	5,593	4,972	4,304	4,289
6,543	6,667	7,098	5,419	5,568	5,519
551	521	530	412	434	1,005
2,558	3,549	4,272	4,742	4,008	4,507
450	432	455	432	412	404
1,258	1,339	1,252	1,347	1,294	1,225
212	219	233	229	265	177
5,685	5,393	6,578	3,834	5,036	5,685
411	435	370	352	372	354
5,714	5,503	5,864	5,844	5,854	5,968
247	341	259	238	222	247
14,133	16,431	13,858	14,573	13,879	13,206
3,105	2,815	2,469	2,572	2,305	3,067
934	1,003	1,019	1,055	1,300	1,380
3,306	4,753	4,285	4,715	3,800	4,097
257	213	271	218	252	297
9,023	10,819	11,225	9,102	9,156	9,985
130	135	145	126	122	105
54	51	32	39	37	37
946	945	965	970	970	970
17,726	17,071	17,012	17,186	17,142	19,917
12,739	14,054	16,437	12,807	11,664	11,026
30,783	31,350	31,290	33,239	32,171	31,470
6,113	7,032	3,064	9,505	1,992	5,370

CERRO GORDO COUNTY, IOWA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
Function/Program	1998	1999	2000	2001
Public Safety and Legal Services:				
Sheriff:				
Number of vehicles	16	16	17	18
Physical Health and Social Services:				
Health Department:				
Number of vehicles	4	5	5	6
County Environment and Education:				
Conservation:				
Number of park areas	28	28	28	29
Total acres managed	2,892	2,892	2,892	2,962
Number of vehicles	15	15	15	15
Roads and Transportation:				
Engineer:				
Number of vehicles	21	22	20	21
Number of buildings	6	6	6	6
Governmental Services to Residents:				
Auditor, elections:				
Number of voting machines	1	1	1	2

Source: Various County Departments.

Fiscal Year					
2002	2003	2004	2005	2006	2007
20	21	22	21	22	24
6	7	7	8	9	8
29	30	30	30	30	30
2,962	3,024	3,024	3,024	3,024	3,024
15	15	15	15	15	15
20	21	21	22	23	23
6	6	6	6	6	6
2	2	32	29	59	59

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
Years Ended June 30,

		Modified Accrual Basis		
		2007	2006	2005
Revenues:				
Property and other County Tax	$	14,782,265	13,118,367	11,061,423
Interest and Penalty on property tax		130,746	139,522	126,247
Intergovernmental		11,356,056	11,191,640	12,701,807
Licenses and permits		327,967	324,776	297,721
Charges for services		1,132,140	1,205,710	1,228,309
Use of money and property		1,246,172	637,056	374,870
Fines, forfeitures, and defaults		31,316	61,612	-
Miscellaneous		835,815	1,141,934	950,043
Total	$	29,842,477	27,820,617	26,740,420
Expenditures:				
Operating:				
Public safety and legal services	$	5,565,965	4,808,056	4,541,026
Physical health and social services		4,725,534	4,251,999	4,006,819
Mental Health		5,861,602	5,611,348	5,209,344
County environment and education		1,112,434	1,203,407	880,494
Roads and transportation		4,513,467	5,111,457	4,885,745
Governmental services to residents		830,775	827,433	803,724
Administrative services		2,157,767	1,872,576	1,841,707
Non-program		72,906	169,026	354,230
Debt service		1,595,718	673,630	462,012
Capital projects		7,893,520	3,299,760	5,027,808
Total	$	34,329,688	27,828,692	28,012,909

See Accompanying Independent Auditors' Report.

Modified Accrual Basis				
2004	2003	2002	2001	2000
10,570,374	10,152,625	9,928,084	9,963,952	9,681,668
118,275	110,045	128,449	113,886	109,952
9,722,154	9,214,984	8,150,270	7,642,241	7,531,032
270,476	255,666	17,870	25,682	16,856
1,292,565	1,537,166	1,607,381	1,232,500	1,168,535
228,181	274,923	405,278	705,077	676,919
-	-	2,369	1,928	2,721
1,215,451	863,485	679,024	784,551	644,793
23,417,476	22,408,894	20,918,725	20,469,817	19,832,476
4,251,143	4,222,779	3,838,927	3,644,249	3,278,743
3,913,976	3,615,357	3,494,239	3,038,370	2,843,920
5,198,915	5,003,304	4,790,348	5,263,698	5,007,406
921,991	855,482	591,227	578,945	531,926
4,551,633	4,496,519	4,577,949	4,328,377	3,546,455
742,415	729,694	754,305	612,996	589,493
1,902,524	1,719,801	1,626,570	1,652,354	1,625,355
207,694	296,741	31,871	34,299	88,137
78,738	265,192	339,763	662,871	535,583
2,281,067	1,605,101	611,437	1,230,675	1,966,240
24,050,096	22,809,970	20,656,636	21,046,834	20,013,258

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Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Cerro Gordo County, Iowa as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 19, 2007. These financial statements are the responsibility of Cerro Gordo 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 that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cerro Gordo County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, which is also the responsibility of the County's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule 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 when considered in relation to the basic financial statements taken as a whole.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Cerro Gordo County and other parties to whom Cerro Gordo 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.

December 19, 2007

Gardiner Thomsen, P.C.

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct			
U.S. Environmental Protection Agency			
Surveys, Studies, Investigations and Special Purpose	66.202		8,670
Surveys, Studies and Investigations – Grants and Cooperative Agreements	66.436		70,197
Total Direct			78,867
Indirect:			
U.S. Department of Agriculture			
Iowa Department of Human Services			
Human Services Administrative Reimbursements			
State Administrative Matching Grants for Food Stamp Program	10.561		21,026
U.S. Department of Justice			
Iowa Department of Justice			
STOP Violence Against Women	16.588	VW-07-57	35,000
Iowa Office of Drug Control Policy			
Byrne-Methamphetamine Hotspots	16.710	06JAG/HS-A29	75,899
Byrne-Justice Assistance Grant	16.738	06JAG/HS-A29	55,756
U.S. Department of Transportation			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	2-01-HBRRS-034	8,884
	20.205	2-05-HBRRS-005	138,983
			147,867
National Highway Traffic Safety Administration			
Iowa Department of Public Safety			
Traffic Safety Bureau			
State and Community Highway Safety Program	20.600		11,710
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons Program	20.605		4,422
U.S. Elections Assistance Commission			
Iowa Secretary of State			
Help America Vote Act Requirements and Payments	90.401	06-HAVA-07-101	33,220
	90.401	06-HAVA-07-SA1	6,565
			39,785
Voting Access for Individuals with Disabilities–Grants to States	93.617	06-HAVA-17-006	300
U.S. Department of Health and Human Services			
Iowa Department of Elder Affairs			
Retired Area Agency on Aging			
Special Programs for the Aging –Title III			
Part B – Medication Management	93.044		5,000
Part B - Homemaker	93.044		13,754
			18,754
Special Programs for the Aging –Title III			
Part D – Grants for Supportive Services and Senior Centers	93.043		16,500

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Iowa Department of Public Health			
Immunization Action Plan	93.268	5886I410/5887I410	40,282
Breast & Cervical Cancer Prevention	93.283	5887NB07	62,790
Harkin Wellness Grants	93.283	5887HWG05	117,851
Wisewoman Cardiovascular Study	93.283	5887WW05	4,306
			184,947
HIV Counseling, Testing & Referral	93.940/ 93.911	5886AP16/ 5887AP04	28,408
EMS Disaster Preparedness	93.889	5887EM116	4,500
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Temporary Assistance to Needy Families	93.558		28,550
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596		6,334
Refugee Assistance	93.566		49
Foster Care Title IV-E	93.658		15,642
Adoption Assistance	93.659		3,181
Medical Assistance Program	93.778		37,153
Expansion Title XXI	93.767		186
Social Services Block Grant	93.667		18,767
Social Services Block Grant	93.667		188,252
			207,019
U.S. Department of Homeland Security			
Iowa Homeland Security & Emergency Management Division			
Emergency Management Performance Grant	97.042		22,826
Citizens Corps Program	97.067	2005-GE-T5-0056	11,012
Homeland Security Grant Program	97.067	2005-GE-T5-0056	404,444
Homeland Security Grant Program	97.067	2006-GE-T6-0065-002	38,624
			454,080
Total Indirect			1,460,176
Total			1,539,043

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cerro Gordo 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 auditors' report.

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Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' 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 Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 19, 2007. 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 Cerro Gordo 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 Cerro Gordo County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cerro Gordo 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 reporting 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 and other 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 Cerro Gordo 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 a remote likelihood a misstatement of Cerro Gordo County's financial statements that is more than inconsequential will not be prevented or detected by Cerro Gordo County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Finding 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 Cerro Gordo 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 item II-A-07 is a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cerro Gordo 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 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 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 statues.

Cerro Gordo 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 Cerro Gordo 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 Cerro Gordo County and other parties to whom Cerro Gordo 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 Cerro Gordo 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.

December 19, 2007

Gaetlines Thomsen, P.C.

Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' 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 Cerro Gordo County
Mason City, Iowa

Compliance

We have audited the compliance of Cerro Gordo County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Cerro Gordo County's major federal programs are identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Cerro Gordo County's management. Our responsibility is to express an opinion on Cerro Gordo County's compliance based on our audit.

We conducted our audit of compliance 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 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 Cerro Gordo County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cerro Gordo County's compliance with those requirements.

In our opinion Cerro Gordo County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Cerro Gordo 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 Cerro Gordo 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 Cerro Gordo 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.

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

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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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a 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.

Cerro Gordo County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the County's responses, we did not audit Cerro Gordo'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 Cerro Gordo County and other parties to whom Cerro Gordo 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.

December 19, 2007

Caroline Thomson, P.C.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part I: Summary of the Independent Auditors' 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 a material weakness.

c. The audit did not disclose any non-compliance which is material to the financial statements.

d. Significant deficiencies in internal control over a major program were disclosed by the audit of the financial statements.

e. An unqualified opinion was issued on compliance with requirements applicable to each major program.

f. The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

g. Major programs were as follows:

- CFDA Number 20.205 – Highway Planning and Construction
- CFDA Number 93.667 – Social Services Block Grant – Local Purchases
- CFDA Number 97.067 – Homeland Security Grant Program

h. The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

i. Cerro Gordo County did not qualify as a low-risk auditee.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-07 **Segregation of Duties**—During our review of internal control, the existing procedures are evaluated in order to determine that 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.

Recommendation—We realize that with a limited number of office employees, segregation of duties is difficult. However, each County official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances.

Response—We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by the Deputy will be separated and spread among the County Official, Deputy and Clerks. We plan to implement these changes as soon as possible.

Conclusion—Response accepted.

II-B-07 **Financial Reporting**—During our audit, we identified material amounts of federal major program receivables not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

Response—We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion—Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 97.067: Homeland Security Grant Program
Pass-through Agency Number: 2005-GE-T5-0056, 2006-GE-T6-0065-002
Federal Award Year: 2005, 2006
U. S. Department of Homeland Security
Passed through the Iowa Homeland Security and Emergency Management Division

III-A-07 **Financial Reporting**—Material amounts of federal major program receivables were not recorded in the County's financial statements. Adjustments were consequently made by the County to properly include these amounts in the Agency Fund – Emergency Management financial statements.

Recommendation—The County should implement procedures to provide for an independent review of financial reports for accuracy and completeness.

Response—We agree with the auditors' recommendation and will comply. Effective immediately, the Emergency Management Director will review financial reports submitted by the Deputy Director for accuracy and completeness.

Conclusion—Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 **Certified Budget** – Disbursements during the year ended June 30, 2007, exceeded the amount budgeted in the Mental Health and Non-Program functions. Disbursements in certain departments exceeded the amounts appropriated.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.436(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriations.

Response – We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

IV-B-07 **Questionable Expenditures** – We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979

IV-C-07 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

IV-D-07 **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name & Title	Transaction	Amount
John Bakehouse, wife is Penny, Public Health Department	Janitorial Service	$17,736

The transactions with John Bakehouse appear to be authorized in accordance with Chapter 331.342 of the Code of Iowa, since the contracts were made upon competitive bid, in writing, publicly invited and opened.

IV-E-07 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.

IV-F-07 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-07 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's Investment Policy were noted.

IV-H-07 **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-07 **Economic Development** – During the year ended June 30, 2007, the County paid $90,600 for Economic Development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.

IV-J-07 **Grant Activity** – The County complied with grant regulations; no violations were noted.

IV-K-07 **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. Disbursements for the County Extension Office during the year ended June 30, 2005, did not exceed the amount budgeted.