



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

David A. Vaudt, CPA  
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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ April 17, 2008

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

The County had local tax revenue of \$12,771,353 for the year ended June 30, 2007, which included \$726,153 in tax credits from the state. The County forwarded \$8,723,551 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,047,802 of the local tax revenue to finance County operations, a 9 percent increase over the prior year. Other revenues included charges for service of \$1,005,356, operating grants, contributions and restricted interest of \$3,474,903, capital grants, contributions and restricted interest of \$2,831,422, local option sales tax of \$259,019, unrestricted investment earnings of \$268,789, gain on disposition of capital assets of \$69,333 and other general revenues of \$30,285.

Expenses for County operations totaled \$9,257,316, a 1.2 percent increase over the prior year. Expenses included \$4,109,088 for roads and transportation, \$1,477,306 for public safety and legal services and \$1,159,770 for administration.

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

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**MONONA COUNTY**

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

**JUNE 30, 2007**

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**Monona County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2007)</b>		
Richard C. Merritt, Sr.	Board of Supervisors	Jan 2007
Stanley Skow	Board of Supervisors	Jan 2007
Lester Nordaker	Board of Supervisors	Jan 2009
Benita J. Davis	County Auditor	Jan 2009
Lawrence Framke	County Treasurer	Jan 2007
Tena L. Hinkel	County Recorder	Jan 2007
Jeffrey R. Pratt	County Sheriff	Jan 2009
Michael P. Jensen	County Attorney	Jan 2007
Lawrence E. Keitges	County Assessor	Jan 2010
<b>(After January 2007)</b>		
Lester Nordaker	Board of Supervisors	Jan 2009
Stanley Skow	Board of Supervisors	Jan 2011
Charles Brown	Board of Supervisors	Jan 2011
Benita J. Davis	County Auditor	Jan 2009
Lawrence Framke	County Treasurer	Jan 2011
Tena L. Hinkel	County Recorder	Jan 2011
Jeffrey R. Pratt	County Sheriff	Jan 2009
Michael P. Jensen	County Attorney	Jan 2011
Lawrence E. Keitges	County Assessor	Jan 2010

**Monona County**



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Independent Auditor's Report

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Monona County's management. Our responsibility is to express opinions on these financial statements based on our audit.

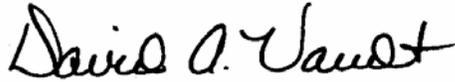
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monona County at June 30, 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.

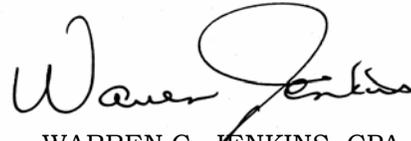
In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2008 on our consideration of Monona County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monona County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 31, 2008

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

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Monona County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2007 FINANCIAL HIGHLIGHTS**

- The County's governmental activities revenues increased 32.8%, or approximately \$2,960,000, from fiscal 2006 to fiscal 2007. Property tax increased approximately \$326,000.
- The County's governmental activities expenses increased 1.2%, or approximately \$113,000, from fiscal 2006 to fiscal 2007.
- The County's net assets increased 17.9%, or approximately \$2,730,000, from June 30, 2006 to June 30, 2007.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

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

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Monona County’s combined net assets increased from \$15.3 million to \$18 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

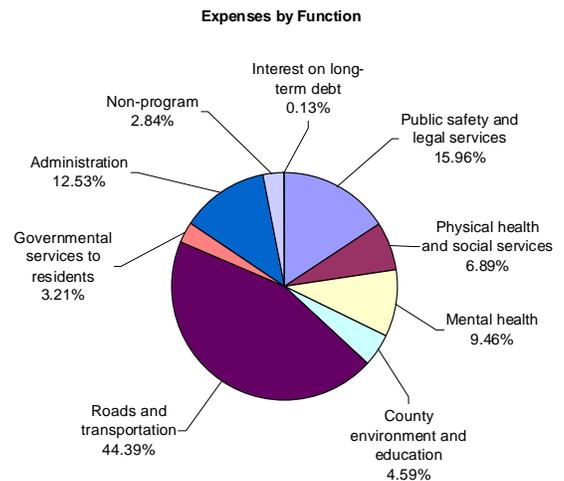
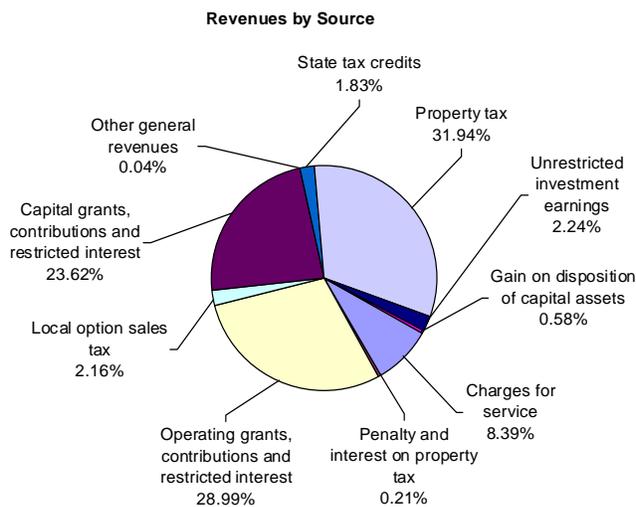
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2007	2006
Current and other assets	\$ 10,236	10,035
Capital assets	13,041	10,336
Total assets	23,277	20,371
Long-term liabilities	831	747
Other liabilities	4,445	4,353
Total liabilities	5,276	5,100
Net assets:		
Invested in capital assets, net of related debt	12,677	9,936
Restricted	2,744	2,942
Unrestricted	2,580	2,393
Total net assets	\$ 18,001	15,271

Net assets of Monona County’s governmental activities increased approximately \$2,730,000, or 17.9%, compared to FY06. The largest portion of the County’s net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are approximately \$2.6 million at June 30, 2007.

The increase of approximately \$2.7 million in invested in capital assets was due to an increase in road infrastructure during the fiscal year.

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

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 1,006	973
Operating grants, contributions and restricted interest	3,475	3,547
Capital grants, contributions and restricted interest	2,831	246
General revenues:		
Property tax	3,829	3,503
Penalty and interest on property tax	25	36
State tax credits	219	211
Local option sales tax	259	287
Unrestricted investment earnings	269	224
Gain on disposition of capital assets	69	-
Other general revenues	5	-
Total revenues	11,987	9,027
Program expenses:		
Public safety and legal services	1,477	1,396
Physical health and social services	638	685
Mental health	876	731
County environment and education	425	422
Roads and transportation	4,109	4,074
Governmental services to residents	297	423
Administration	1,160	1,165
Non-program	263	207
Interest on long-term debt	12	41
Total expenses	9,257	9,144
Increase (decrease) in net assets	2,730	(117)
Net assets beginning of year	15,271	15,388
Net assets end of year	\$ 18,001	15,271



Revenues for governmental activities increased approximately \$3 million from the prior year, with capital grants and contributions up approximately \$2.6 million. The increase in capital grants and contributions was primarily due to an increase in capital contributions for infrastructure assets received from the Iowa Department of Transportation.

The County increased property tax rates for fiscal year 2007 1.14%. The taxable valuation increased 6.36%. This resulted in an increase in the County's property tax revenue of approximately \$326,000 in fiscal 2007.

The cost of all governmental activities this year was approximately \$9.3 million compared to approximately \$9.1 million last year, a nominal increase of approximately \$113,000, or 1.24%. While the County was able to hold the line on spending overall, mental health expenses increased approximately \$145,000, or 19.8%. This increase is due to an increase in medicaid per diem rates, an increase in the number of involuntary hospitalizations during the fiscal year and an increase in provider rates for work activity. In addition, in October 2006, the County began managing cases for individuals without legal settlement. These cases were previously managed by the State. Expenses for governmental services to residents decreased approximately \$126,000, or 29.8%, primarily due to the purchase of election equipment and a new County financial system server and software in the prior year.

As shown in the Statement of Activities on page 17, the amount ultimately financed for governmental activities was \$1,945,135 this year compared to \$4,378,208 last year because some of the cost was paid by those directly benefited from the programs (\$1,005,856 this year compared to \$973,002 last year) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,306,325 this year compared to \$3,792,873 last year). The County paid for the remaining "public benefit" portion of governmental activities with \$4,675,228 in property tax and other revenues, such as local option sales tax and interest.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$4.94 million, a 1.68% decrease from last year's total of approximately \$5.03 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance decreased \$233,703, or 9.80%. Overall revenues decreased \$6,768, or .19%, while expenditures increased \$128,691, or 3.63%. The increase in expenditures is primarily due to costs associated with an additional attorney in the County Attorney's Office and certain uniformed patrol service expenditures reallocated to the General Fund.
- The County has continued to look for ways to effectively manage the cost of mental health services. The Mental Health Fund balance at year end decreased \$121,525, or 57.58%, from the prior year. While property tax revenues increased \$18,860 due to an increase in taxable valuation, State revenues decreased \$49,579, or 10.16%. Expenditures increased \$144,777, or 19.79%. This increase is due to an increase in medicaid per diem rates, an increase in the number of involuntary hospitalizations during the fiscal year and an increase in provider rates for work activity. In addition, in October 2006, the County began managing cases for individuals without legal settlement. These cases were previously managed by the State.

- The Rural Services Fund balance increased \$140,449, or 49.82%, over the prior year. Rural Services Fund revenues increased \$130,461, primarily due to an increase in property tax revenues. While the tax rates remained the same as the prior year, valuations increased 10.71%. Rural Services Fund expenditures decreased \$119,569, due primarily to a decrease of \$129,429 in uniformed patrol services.
- The Secondary Roads Fund balance increased \$42,029, or 2.07%. Revenues decreased from the prior year by \$161,192, or 5.01%. This decrease can be attributed to a decrease in grant reimbursements for the Hungry Canyon projects. Secondary Roads Fund expenditures decreased \$261,632 from the prior year. The decrease was primarily due to a decrease in capital projects expenditures for three Hungry Canyon projects.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Monona County amended its budget two times for a total of \$252,679. The first amendment was made on November 21, 2006 and resulted in an increase in budgeted disbursements of \$100,000 related to increased juvenile care billings. The second amendment was made on May 29, 2007 for \$54,701 for increased budgeted receipts associated with FEMA projects and insurance refunds and an increase in budgeted disbursements of \$152,679 for roads and transportation disbursements for snow storm and flood related disbursements, an increase in disbursements in the County Attorney's office due to medical leave of an employee, an increase in disbursements in the Sheriff's office for a patrol car and camera replacement and increased expenses in the Recorder's office.

The County's receipts were \$13,525 less than budgeted. Total disbursements were \$868,481 less than the amended budget. Actual disbursements were less than budgeted for the roads and transportation, administration, physical health and social services and mental health functions by \$393,713, \$124,914, \$110,427 and \$73,674, respectively. These variances were primarily due to the following: (1) Roads and Transportation: Disbursements for roads and projects were less than anticipated. (2) Administration: Consulting fees were down; reduction in library resource materials and contractual services; premiums for liability, property and vehicle insurance were less than estimated; anticipated maintenance and purchasing on the existing computer system were not needed; major remodeling projects were not addressed or were lower than anticipated; utilities were less than estimated and additional equipment was not purchased. (3) Physical Health and Social Services: A registered nurse (RN) position was not replaced when the administrator resigned. A new administrator was promoted from within and the part time RN was not replaced. This affected salary, FICA, IPERS, health insurance and mileage. Also, costs related to programs and services provided were lower than estimated. (4) Mental Health: ICF/MR was budgeted higher than it came in at and transportation costs were billed directly.

Even with the amendments, the County exceeded the budgeted amount in the capital projects function and disbursements in one department exceeded the amount appropriated during the year ended June 30, 2007.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, Monona County had approximately \$13 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2.7 million, or 26.17%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2007	2006
Land	\$ 202	202
Construction in progress	1,684	1,684
Construction in progress, road network	597	-
Buildings and improvements	904	884
Equipment and vehicles	2,384	2,458
Infrastructure	7,270	5,108
<b>Total</b>	<b>\$ 13,041</b>	<b>10,336</b>

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

Secondary roads equipment	\$ 177
Sheriff's office equipment	34
Roof replacement on annex	61
Road infrastructure	2,433
<b>Total</b>	<b>\$ 2,705</b>

The County had depreciation expense of \$739,469 in FY07 and total accumulated depreciation of approximately \$7.2 million at June 30, 2007.

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

### Long-Term Debt

At June 30, 2007, Monona County had \$634,000 in general obligation and other debt outstanding, compared to \$561,000 at June 30, 2006, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
General obligation visitor center note	\$ 364	400
Drainage warrants	270	161
<b>Total</b>	<b>\$ 634</b>	<b>561</b>

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

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

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates and fees charged for various County activities. These factors were considerations for the FY08 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	2008 Dollars Certified	2007 Dollars Certified	Percentage Change
General basic levy	\$ 1,476,209	1,464,858	0.77%
General supplemental levy	1,117,701	795,209	40.55%
Mental health levy	375,993	334,825	12.30%
Rural services basic levy	1,235,798	1,240,608	-0.39%
Rural services supplemental levy	156,430	157,039	-0.39%
Debt service	51,974	52,270	0.0%
Total	\$ 4,414,105	4,044,809	9.13%

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

	2008	2007	Percentage Change
General basic levy	\$ 3.50000	3.50000	0%
General supplemental levy	2.65000	1.90000	39%
Mental health levy	0.89146	0.80000	11%
Rural services basic levy	3.95000	3.95000	0%
Rural services supplemental levy	0.50000	0.50000	0%
Debt service	0.12078	0.12110	0%
Total	\$ 11.61224	10.77110	7.81%

Budgeted disbursements in the FY 2008 budget are approximately \$9.76 million, a 10.74% increase over the FY 2007 final actual disbursements. Total taxable valuations increased approximately \$3.2 million. Monona County has not added any major programs to the FY 2008 budget. Property taxes are projected to increase approximately \$369,000. Budgeted disbursements are expected to rise approximately \$946,000.

If these estimates are realized, the County's budgetary balance is expected to decrease approximately \$1.1 million, or 30.53%, to \$2,528,207 by the close of FY08.

### CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

## **Basic Financial Statements**

**Exhibit A**

Monona County  
Statement of Net Assets  
June 30, 2007

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 4,403,595
Receivables:	
Property tax:	
Delinquent	8,020
Succeeding year	4,150,000
Accounts	79,928
Accrued interest	85,192
Drainage assessments	245,024
Due from other governments	349,060
Inventories	705,092
Prepaid expense	210,061
Capital assets (net of accumulated depreciation)	<u>13,040,694</u>
<b>Total assets</b>	<u>23,276,666</u>
<b>Liabilities</b>	
Accounts payable	128,210
Accrued interest payable	24,514
Due to other governments	141,963
Deferred revenue:	
Succeeding year property tax	4,150,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation note	37,000
Drainage warrants	269,647
Compensated absences	139,140
Portion due or payable after one year:	
General obligation note	327,000
Compensated absences	<u>58,210</u>
<b>Total liabilities</b>	<u>5,275,684</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	12,676,694
Restricted for:	
Supplemental levy purposes	414,479
Mental health purposes	97,708
Secondary roads purposes	1,982,576
Drainage warrants	142,774
Other purposes	106,383
Unrestricted	<u>2,580,368</u>
<b>Total net assets</b>	<u>\$ 18,000,982</u>

See notes to financial statements.

Monona County  
Statement of Activities  
Year ended June 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,477,306	158,320	627	-	(1,318,359)
Physical health and social services	637,733	210,478	325,922	-	(101,333)
Mental health	876,352	-	427,014	-	(449,338)
County environment and education	424,884	35,107	22,248	-	(367,529)
Roads and transportation	4,109,088	50,401	2,697,262	2,831,422	1,469,997
Governmental services to residents	296,561	152,614	1,200	-	(142,747)
Administration	1,159,770	129,341	630	-	(1,029,799)
Non-program	263,553	269,595	-	-	6,042
Interest on long-term debt	12,069	-	-	-	(12,069)
<b>Total</b>	<b>\$ 9,257,316</b>	<b>1,005,856</b>	<b>3,474,903</b>	<b>2,831,422</b>	<b>(1,945,135)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					3,779,572
Debt service					49,425
Penalty and interest on property tax					25,091
State tax credits					218,805
Local option sales tax					259,019
Unrestricted investment earnings					268,789
Gain on disposition of capital assets					69,333
Miscellaneous					5,194
<b>Total general revenues</b>					<b>4,675,228</b>
Change in net assets					2,730,093
Net assets beginning of year					15,270,889
Net assets end of year					<b>\$ 18,000,982</b>

See notes to financial statements.

Monona County  
Balance Sheet  
Governmental Funds

June 30, 2007

<b>Assets</b>	Special Revenue		
	General	Mental Health	Rural Services
Cash and pooled investments	\$ 1,807,387	261,070	426,992
Receivables:			
Property tax:			
Delinquent	4,168	616	3,131
Succeeding year	2,439,000	354,000	1,308,000
Accounts	72,597	-	-
Accrued interest	82,520	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	76,127	1,439	-
Inventories	-	-	-
Prepaid items	112,118	-	600
	<b>Total assets</b>	<b>\$ 4,593,917</b>	<b>617,125</b>
		<b>1,738,723</b>	<b>1,738,723</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 24,823	29,897	5,240
Due to other governments	5,789	135,520	-
Deferred revenue:			
Succeeding year property tax	2,439,000	354,000	1,308,000
Other	64,612	8,182	3,131
Total liabilities	2,534,224	527,599	1,316,371
Fund balances:			
Reserved for:			
Supplemental levy purposes	341,819	-	85,029
Drainage warrants	-	-	-
Debt service	-	-	-
Unreserved, reported in:			
General fund	1,717,874	-	-
Special revenue funds	-	89,526	337,323
Total fund balances	2,059,693	89,526	422,352
	<b>Total liabilities and fund balances</b>	<b>\$ 4,593,917</b>	<b>617,125</b>
		<b>1,738,723</b>	<b>1,738,723</b>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
1,041,443	301,928	3,838,820
-	105	8,020
-	49,000	4,150,000
6,031	1,300	79,928
-	305	82,825
-	111,093	111,093
-	133,931	133,931
268,844	2,650	349,060
705,092	-	705,092
97,343	-	210,061
<b>2,118,753</b>	<b>600,312</b>	<b>9,668,830</b>
37,625	9,053	106,638
654	-	141,963
-	49,000	4,150,000
5,209	245,129	326,263
<b>43,488</b>	<b>303,182</b>	<b>4,724,864</b>
-	-	426,848
-	96,915	96,915
-	84	84
-	-	1,717,874
2,075,265	200,131	2,702,245
<b>2,075,265</b>	<b>297,130</b>	<b>4,943,966</b>
<b>2,118,753</b>	<b>600,312</b>	<b>9,668,830</b>

**Monona County**

Monona County

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

June 30, 2007

**Total governmental fund balances (page 19)** \$ 4,943,966

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$20,271,651 and the accumulated depreciation is \$7,230,957. 13,040,694

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 326,263

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 545,570

Long-term liabilities, including general obligation note, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (855,511)

**Net assets of governmental activities (page 16)** \$ 18,000,982

See notes to financial statements.

Monona County

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

Year ended June 30, 2007

	General	Special Revenue	
		Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 2,134,359	316,201	1,327,412
Interest and penalty on property tax	34,660	-	-
Intergovernmental	814,987	438,626	70,180
Licenses and permits	4,257	-	-
Charges for service	227,693	-	-
Use of money and property	271,771	-	-
Miscellaneous	31,889	-	-
Total revenues	3,519,616	754,827	1,397,592
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	1,292,169	-	223,355
Physical health and social services	642,486	-	-
Mental health	-	876,352	-
County environment and education	250,342	-	160,446
Roads and transportation	-	-	164,433
Governmental services to residents	295,789	-	3,909
Administration	1,192,533	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	3,673,319	876,352	552,143
Excess (deficiency) of revenues over (under) expenditures	(153,703)	(121,525)	845,449
<b>Other financing sources (uses):</b>			
Operating transfers in	-	-	-
Operating transfers out	(70,000)	-	(705,000)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(70,000)	-	(705,000)
Net change in fund balances	(223,703)	(121,525)	140,449
Fund balances beginning of year	2,283,396	211,051	281,903
Fund balances end of year	\$ 2,059,693	89,526	422,352

See notes to financial statements.

Secondary Roads	Nonmajor	Total
259,019	49,424	4,086,415
-	-	34,660
2,768,534	26,701	4,119,028
525	-	4,782
-	16,588	244,281
-	2,112	273,883
28,839	166,673	227,401
3,056,917	261,498	8,990,450
-	8,918	1,524,442
-	-	642,486
-	-	876,352
-	12,081	422,869
3,451,871	-	3,616,304
-	-	299,698
-	-	1,192,533
-	214,719	214,719
-	118,219	118,219
333,017	-	333,017
3,784,888	353,937	9,240,639
(727,971)	(92,439)	(250,189)
770,000	5,000	775,000
-	-	(775,000)
-	165,675	165,675
770,000	170,675	165,675
42,029	78,236	(84,514)
2,033,236	218,894	5,028,480
2,075,265	297,130	4,943,966

Monona County

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

Year ended June 30, 2007

**Net change in fund balances - Total governmental funds (page 23)** \$ (84,514)

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

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

Expenditures for capital assets	\$ 602,036	
Capital assets contributed by the Iowa Department of Transportation	2,775,980	
Depreciation expense	<u>(739,469)</u>	2,638,547

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 66,383

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	(329)	
Other	<u>73,328</u>	72,999

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

Issued	(165,675)	
Repaid	<u>92,670</u>	(73,005)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(10,666)	
Interest on long-term debt	<u>13,479</u>	2,813

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

106,870

**Change in net assets of governmental activities (page 17)** \$ 2,730,093

See notes to financial statements.

Monona County  
 Statement of Net Assets  
 Proprietary Fund  
 June 30, 2007

	Internal Service - Employee Group Health
<b>Assets</b>	
Cash and cash equivalents	\$ 564,775
Accrued interest receivable	2,367
<b>Total assets</b>	567,142
<b>Liabilities</b>	
Accounts payable	21,572
<b>Net Assets</b>	
Unrestricted	\$ 545,570

See notes to financial statements.

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

Year ended June 30, 2007

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 869,597
Reimbursements from retirees	6,947
Total operating revenues	<u>876,544</u>
Operating expenses:	
Insurance premiums	<u>797,603</u>
Operating income	78,941
Non-operating revenues:	
Interest income	<u>27,929</u>
Net income	106,870
Net assets beginning of year	<u>438,700</u>
Net assets end of year	<u><u>\$ 545,570</u></u>

See notes to financial statements.

Monona County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2007

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 869,597
Cash received from employees and others	6,947
Cash paid to suppliers for services	(871,062)
Net cash provided by operating activities	5,482
Cash flows from investing activities:	
Interest on investments	27,603
Net increase in cash and cash equivalents	33,085
Cash and cash equivalents beginning of year	531,690
Cash and cash equivalents end of year	\$ 564,775
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 78,941
Adjustment to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	(73,459)
Net cash provided by operating activities	\$ 5,482

See notes to financial statements.

Monona County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2007

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 1,670,060
Other County officials	2,741
Receivables:	
Property tax:	
Delinquent	14,886
Succeeding year	8,237,000
Accounts	18,757
Accrued interest	1,065
Special assessments	97,383
Drainage assessments:	
Current	19,105
Future	56,602
Due from other governments	12,128
<b>Total assets</b>	<u>10,129,727</u>

**Liabilities**

Accounts payable	11,031
Due to other governments	9,989,350
Trusts payable	3,794
Compensated absences	5,728
Drainage warrants payable	119,824
<b>Total liabilities</b>	<u>10,129,727</u>

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

Monona County

Notes to Financial Statements

June 30, 2007

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

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

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

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

#### D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services and Secondary Roads Funds.

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements in the capital projects function exceeded the amount budgeted and disbursements in one department exceeded the amount appropriated.

**(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; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,067,387 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 202,033	-	-	202,033
Construction in progress, road network	-	596,661	-	596,661
Construction in progress	1,684,352	-	-	1,684,352
Total capital assets not being depreciated	<u>1,886,385</u>	<u>596,661</u>	<u>-</u>	<u>2,483,046</u>
Capital assets being depreciated:				
Buildings	1,083,316	61,813	-	1,145,129
Improvements other than buildings	537,714	-	-	537,714
Equipment and vehicles	8,088,792	354,596	(249,765)	8,193,623
Infrastructure, road network	5,478,886	2,433,253	-	7,912,139
Total capital assets being depreciated	<u>15,188,708</u>	<u>2,849,662</u>	<u>(249,765)</u>	<u>17,788,605</u>
Less accumulated depreciation for:				
Buildings	436,058	27,646	-	463,704
Improvements other than buildings	300,865	14,735	-	315,600
Equipment and vehicles	5,631,352	426,176	(247,841)	5,809,687
Infrastructure, road network	371,054	270,912	-	641,966
Total accumulated depreciation	<u>6,739,329</u>	<u>739,469</u>	<u>(247,841)</u>	<u>7,230,957</u>
Total capital assets being depreciated, net	<u>8,449,379</u>	<u>2,110,193</u>	<u>(1,924)</u>	<u>10,557,648</u>
Governmental activities capital assets, net	<u>\$ 10,335,764</u>	<u>2,706,854</u>	<u>(1,924)</u>	<u>13,040,694</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 58,952
Physical health and social services	1,606
County environment and education	12,434
Roads and transportation	623,759
Governmental services to residents	650
Administration	42,068
Total depreciation expense - governmental activities	<u>\$ 739,469</u>

**(4) Due to Other Governments**

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 5,789
Special Revenue:		
Mental Health	Services	135,520
Secondary Roads	Services	654
		<u>141,963</u>
Total for governmental funds		<u>\$ 141,963</u>
Agency:		
County Offices	Collections	\$ 2,283
Agricultural Extension Education		121,022
County Assessor		320,959
Schools		5,911,987
Community Colleges		297,143
Corporations		1,674,618
Townships		183,214
Special Assessments		102,780
Auto License and Use Tax		202,173
Drainage Districts		953,266
Other		219,905
		<u>9,989,350</u>
Total for agency funds		<u>\$ 9,989,350</u>

**(5) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 70,000
	Special Revenue:	
Secondary Roads	Rural Services	700,000
Flood & Erosion		5,000
		<u>775,000</u>
Total		<u>\$ 775,000</u>

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

**(6) Changes in Long-Term Liabilities**

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

	General Obligation Note	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$ 400,000	160,642	186,684	747,326
Increases	-	165,675	204,106	369,781
Decreases	36,000	56,670	193,440	286,110
Balance end of year	\$ 364,000	269,647	197,350	830,997
Due within one year	\$ 37,000	269,647	139,140	445,787

On December 15, 2005, the County issued a \$400,000 general obligation note to evidence its obligation under a loan agreement entered into in a prior year for the purpose of providing funds to pay a portion of the cost of constructing, furnishing and equipping the Lewis and Clark Visitor Center. The proceeds of the general obligation note were used in December 2005 to redeem the outstanding loan. A summary of the County's June 30, 2007 general obligation indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2008	3.70%	\$ 37,000	14,974	51,974
2009	3.80	38,000	13,605	51,605
2010	3.90	39,000	12,161	51,161
2011	4.00	40,000	10,640	50,640
2012	4.10	40,000	9,040	49,040
2013-2016	4.20 to 4.50	170,000	18,930	188,930
Total		\$ 364,000	79,350	443,350

Drainage Warrants

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

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

**(7) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$199,557, \$196,919 and \$196,248, respectively, equal to the required contributions for each year.

**(8) Risk Management**

Monona County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 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 and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 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 such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$198,594.

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 a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 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 contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

**Required Supplementary Information**

Monona County

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

Required Supplementary Information

Year ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 4,088,931	-	4,088,931
Interest and penalty on property tax	34,660	-	34,660
Intergovernmental	4,172,397	7,705	4,164,692
Licenses and permits	4,242	-	4,242
Charges for service	248,347	-	248,347
Use of money and property	271,498	144	271,354
Miscellaneous	215,665	162,844	52,821
Total receipts	9,035,740	170,693	8,865,047
<b>Disbursements:</b>			
Public safety and legal services	1,529,521	-	1,529,521
Physical health and social services	631,681	-	631,681
Mental health	800,977	-	800,977
County environment and education	419,052	-	419,052
Roads and transportation	3,379,913	-	3,379,913
Governmental services to residents	298,861	-	298,861
Administration	1,198,611	-	1,198,611
Non-program	205,710	205,710	-
Debt service	118,219	65,949	52,270
Capital projects	498,755	-	498,755
Total disbursements	9,081,300	271,659	8,809,641
Excess (deficiency) of receipts over (under) disbursements	(45,560)	(100,966)	55,406
Other financing sources, net	165,675	165,675	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	120,115	64,709	55,406
Balance beginning of year	3,718,705	134,886	3,583,819
Balance end of year	\$ 3,838,820	199,595	3,639,225

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
4,107,004	4,107,004	(18,073)
12,415	12,415	22,245
4,239,696	4,279,696	(115,004)
21,475	21,475	(17,233)
224,512	224,512	23,835
193,415	193,415	77,939
25,354	40,055	12,766
8,823,871	8,878,572	(13,525)
1,453,926	1,581,575	52,054
742,108	742,108	110,427
874,651	874,651	73,674
474,961	474,961	55,909
3,485,662	3,773,626	393,713
364,694	368,365	69,504
1,327,171	1,323,525	124,914
-	-	-
52,270	52,270	-
650,000	487,041	(11,714)
9,425,443	9,678,122	868,481
(601,572)	(799,550)	854,956
-	-	-
(601,572)	(799,550)	854,956
3,087,807	3,087,807	496,012
2,486,235	2,288,257	1,350,968

Monona County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,035,740	(45,290)	8,990,450
Expenditures	9,081,300	159,339	9,240,639
Net	(45,560)	(204,629)	(250,189)
Other financing sources, net	165,675	-	165,675
Beginning fund balances	3,718,705	1,309,775	5,028,480
Ending fund balances	\$ 3,838,820	1,105,146	4,943,966

See accompanying independent auditor's report.

Monona County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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

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

Formal and legal budgetary control is based upon 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, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$252,679. The budget amendments are reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2007 exceeded the amount budgeted in the capital projects function and disbursements in one department exceeded the amount appropriated.

**Monona County**

**Other Supplementary Information**

Monona County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2007

<b>Assets</b>	County Attorney Confiscated Property	County Sheriff Confiscated Property	DARE	Jail Trust	Resource Enhancement and Protection
Cash and pooled investments	\$ 27,027	7,579	4,511	14,495	19,303
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	1,300	-	-
Accrued interest	-	-	-	-	80
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due From other governments	-	-	-	-	2,650
<b>Total assets</b>	<b>\$ 27,027</b>	<b>7,579</b>	<b>5,811</b>	<b>14,495</b>	<b>22,033</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund equity:					
Fund balances:					
Reserved for:					
Drainage warrants	-	-	-	-	-
Debt service	-	-	-	-	-
Unreserved	27,027	7,579	5,811	14,495	22,033
Total fund equity	27,027	7,579	5,811	14,495	22,033
<b>Total liabilities and fund equity</b>	<b>\$ 27,027</b>	<b>7,579</b>	<b>5,811</b>	<b>14,495</b>	<b>22,033</b>

See accompanying independent auditor's report.

Special Revenue							
County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Conservation Land Acquisition	Conservation Trust	Drainage Districts	Debt Service	Total	
25,776	299	128	3,131	199,595	84	301,928	
-	-	-	-	-	105	105	
-	-	-	-	-	49,000	49,000	
-	-	-	-	-	-	1,300	
103	1	-	-	121	-	305	
-	-	-	-	111,093	-	111,093	
-	-	-	-	133,931	-	133,931	
-	-	-	-	-	-	2,650	
25,879	300	128	3,131	444,740	49,189	600,312	
-	-	-	-	9,053	-	9,053	
-	-	-	-	-	49,000	49,000	
-	-	-	-	245,024	105	245,129	
-	-	-	-	254,077	49,105	303,182	
-	-	-	-	96,915	-	96,915	
-	-	-	-	-	84	84	
25,879	300	128	3,131	93,748	-	200,131	
25,879	300	128	3,131	190,663	84	297,130	
25,879	300	128	3,131	444,740	49,189	600,312	

Monona County

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

Year ended June 30, 2007

	County Attorney Confiscated Property	County Sheriff Confiscated Property	DARE	Jail Trust	Resource Enhancement and Protection
Revenues:					
Property tax	\$ -	-	-	-	-
Intergovernmental	-	1,174	-	-	14,892
Charges for service	-	-	-	14,495	-
Use of money and property	-	-	-	-	714
Miscellaneous	-	-	2,653	-	-
Total revenues	-	1,174	2,653	14,495	15,606
Expenditures:					
Operating:					
Public safety and legal services	-	8,918	-	-	-
County environment and education	-	-	2,207	-	4,500
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	-	8,918	2,207	-	4,500
Excess (deficiency) of revenues over (under) expenditures	-	(7,744)	446	14,495	11,106
Other financing sources:					
Operating transfers in	-	-	-	-	-
Drainage warrant proceeds	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	(7,744)	446	14,495	11,106
Fund balances beginning of year	27,027	15,323	5,365	-	10,927
Fund balances end of year	\$ 27,027	7,579	5,811	14,495	22,033

See accompanying independent auditor's report.

Special Revenue								
County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Conservation Land Acquisition	Conservation Trust	Drainage Districts	Flood and Erosion	Debt Service	Total	
-	-	-	-	-	-	49,424	49,424	
-	-	-	-	7,705	-	2,930	26,701	
2,093	-	-	-	-	-	-	16,588	
1,205	10	-	-	183	-	-	2,112	
-	-	-	1,176	162,844	-	-	166,673	
3,298	10	-	1,176	170,732	-	52,354	261,498	
-	-	-	-	-	-	-	8,918	
-	-	-	374	-	5,000	-	12,081	
-	-	-	-	214,719	-	-	214,719	
-	-	-	-	65,949	-	52,270	118,219	
-	-	-	374	280,668	5,000	52,270	353,937	
3,298	10	-	802	(109,936)	(5,000)	84	(92,439)	
-	-	-	-	-	5,000	-	5,000	
-	-	-	-	165,675	-	-	165,675	
-	-	-	-	165,675	5,000	-	170,675	
3,298	10	-	802	55,739	-	84	78,236	
22,581	290	128	2,329	134,924	-	-	218,894	
25,879	300	128	3,131	190,663	-	84	297,130	

Monona County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	1,809	111,846	95,963	4,599
Other County officials	2,741	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	213	398	11,024	544
Succeeding year	-	119,000	213,000	5,805,000	292,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,741</b>	<b>121,022</b>	<b>325,244</b>	<b>5,911,987</b>	<b>297,143</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	-	-	-
Due to other governments	2,283	121,022	320,959	5,911,987	297,143
Trusts payable	458	-	-	-	-
Compensated absences	-	-	4,285	-	-
Drainage warrants payable	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 2,741</b>	<b>121,022</b>	<b>325,244</b>	<b>5,911,987</b>	<b>297,143</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
45,403	2,725	5,397	202,173	1,005,943	194,202	1,670,060
-	-	-	-	-	-	2,741
2,215	489	-	-	-	3	14,886
1,627,000	180,000	-	-	-	1,000	8,237,000
-	-	-	-	-	18,757	18,757
-	-	-	-	693	372	1,065
-	-	97,383	-	-	-	97,383
-	-	-	-	19,105	-	19,105
-	-	-	-	56,602	-	56,602
-	-	-	-	1,454	10,674	12,128
<b>1,674,618</b>	<b>183,214</b>	<b>102,780</b>	<b>202,173</b>	<b>1,083,797</b>	<b>225,008</b>	<b>10,129,727</b>
-	-	-	-	10,707	324	11,031
1,674,618	183,214	102,780	202,173	953,266	219,905	9,989,350
-	-	-	-	-	3,336	3,794
-	-	-	-	-	1,443	5,728
-	-	-	-	119,824	-	119,824
<b>1,674,618</b>	<b>183,214</b>	<b>102,780</b>	<b>202,173</b>	<b>1,083,797</b>	<b>225,008</b>	<b>10,129,727</b>

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 15,285	111,254	325,851	5,844,665	282,421
Additions:					
Property and other county tax	-	118,870	212,584	5,805,622	292,404
E911 surcharges	-	-	-	-	-
State tax credits	-	6,603	12,349	347,481	16,829
Office fees and collections	351,237	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	32,959	-	-	-	-
Miscellaneous	-	-	320	-	-
Total additions	384,196	125,473	225,253	6,153,103	309,233
Deductions:					
Agency remittances:					
To other funds	216,249	-	-	-	-
To other governments	146,515	115,705	225,860	6,085,781	294,511
Trusts paid out	33,976	-	-	-	-
Total deductions	396,740	115,705	225,860	6,085,781	294,511
Balances end of year	\$ 2,741	121,022	325,244	5,911,987	297,143

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
1,789,722	179,918	118,368	163,044	899,111	182,427	9,912,066
1,605,492	180,650	-	-	-	581	8,216,203
-	-	-	-	-	99,832	99,832
114,563	9,427	-	-	-	96	507,348
-	-	-	-	-	2,093	353,330
-	-	-	2,094,252	-	-	2,094,252
-	-	15,245	-	576,544	-	591,789
-	-	-	-	-	126,640	159,599
-	-	-	-	163,674	88,816	252,810
1,720,055	190,077	15,245	2,094,252	740,218	318,058	12,275,163
-	-	-	84,011	-	-	300,260
1,835,159	186,781	30,833	1,971,112	555,532	152,175	11,599,964
-	-	-	-	-	123,302	157,278
1,835,159	186,781	30,833	2,055,123	555,532	275,477	12,057,502
1,674,618	183,214	102,780	202,173	1,083,797	225,008	10,129,727

Monona County

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

For the Last Seven Years

	2007	2006	Modified 2005
<b>Revenues:</b>			
Property and other county tax	\$ 4,086,415	3,792,577	3,515,823
Interest and penalty on property tax	34,660	36,065	29,574
Intergovernmental	4,119,028	4,404,664	4,840,236
Licenses and permits	4,782	14,988	8,383
Charges for service	244,281	254,502	266,643
Use of money and property	273,883	220,167	135,752
Miscellaneous	227,401	242,476	160,735
<b>Total</b>	<b>\$ 8,990,450</b>	<b>8,965,439</b>	<b>8,957,146</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 1,524,442	1,366,019	1,286,130
Physical health and social services	642,486	678,994	683,490
Mental health	876,352	731,575	704,122
County environment and education	422,869	409,006	457,116
Roads and transportation	3,616,304	3,560,787	3,705,814
Governmental services to residents	299,698	420,487	270,144
Administration	1,192,533	1,226,434	995,626
Non-program	214,719	140,830	63,758
Debt service	118,219	71,399	55,308
Capital projects	333,017	659,460	518,434
<b>Total</b>	<b>\$ 9,240,639</b>	<b>9,264,991</b>	<b>8,739,942</b>

See accompanying independent auditor's report.

Acruial Basis			
2004	2003	2002	2001
3,844,985	3,960,037	4,025,280	3,251,311
32,998	29,779	36,635	27,592
4,380,663	3,964,265	4,240,160	4,514,153
6,894	4,428	5,065	5,311
256,727	232,201	222,179	185,234
115,425	149,762	214,789	294,075
202,117	319,966	638,430	259,866
8,839,809	8,660,438	9,382,538	8,537,542
1,236,371	1,342,558	1,147,604	1,296,869
663,052	659,620	669,676	613,781
743,359	713,374	799,518	801,328
431,777	480,139	477,124	470,445
3,762,048	3,024,313	3,663,506	3,751,110
285,714	263,465	296,038	296,632
1,024,697	1,048,211	1,010,075	916,023
61,913	160,425	415,278	145,575
71,039	323,124	184,230	242,437
2,098,484	263,873	708,162	771,318
10,378,454	8,279,102	9,371,211	9,305,518

**Monona County**



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

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

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 31, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

#### Compliance and Other Matters

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

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 statutes.

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

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 31, 2008

Monona County

Schedule of Findings

Year ended June 30, 2007

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

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

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

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

Responses:

Treasurer – The Clerk from the auto department will check the reconciliation of bank accounts monthly. The drivers license clerk has been assigned to review the investments on monthly basis.

Sheriff – An attempt will be made to have another employee check deposits other than the writer of the deposit. I will also check deposits and reconcile to ledger.

Monona County

Schedule of Findings

Year ended June 30, 2007

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

County Extension – Separation of duties are practiced as much as possible in regard to all office staff members receiving and receipting cash as they assist office callers and collect fees at educational programs. The County Extension Education Director opens and reviews bills and bank statements that come in the mail. The Office Assistant serves as bookkeeper and prepares reconciliations and deposits, checks for council treasurer signature on cancelled checks and prepares reports.

Conclusions –

Treasurer – Response acknowledged. The Treasurer should also utilize current personnel to provide additional control through review of recorded receipts to initial receipt listings and deposits.

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

Secondary Road – Response accepted.

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

(B) Accounting Procedural Manual – We encourage the development of office procedures and accounting manuals for all County offices. These manuals should provide the following benefits:

- (1) Aid in training additional or replacement personal.
- (2) Help achieve uniformity in accounting and in the policies and procedures of the County.

Recommendation – Office procedures and accounting manuals should be prepared for all County offices.

Response – The Supervisors will present this recommendation to elected officials and department heads at a monthly staff meeting and encourage addressing this.

Conclusion – Response accepted.

(C) Electronic Data Processing Systems – The County has not developed a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The Board will appoint a committee to develop a disaster recovery plan.

Conclusion – Response accepted.

Monona County

Schedule of Findings

Year ended June 30, 2007

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

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

Response – All Departments have received memos with instructions to attach an inventory card with each claim for payment to identify property for the capital assets listing. Not all Departments are responding. The Board of Supervisors will remind them of the importance of this process.

Conclusion – Response acknowledged. The County should also establish procedures to ensure all receivables and payables are identified and included in the County’s financial reports.

- (E) Secondary Road Receipts – Prenumbered receipts were not issued for all collections.

Recommendation – Prenumbered receipts should be at the time of collection to provide additional control over the proper collection and recording of all money.

Response – The procedures for receipting all revenues will be implemented.

Conclusion – Response accepted.

- (F) County Sheriff Credit Card Purchases – Credit card purchases were not always properly supported by vendor receipts. Certain charges were for meals for which the claims did not indicate the individuals receiving the meals. During the year, \$158 of late fees and over limit fees of \$35 were assessed on the account.

Recommendation – Credit card expenditures should be properly supported by vendor receipts and the claims should clearly identify the individuals receiving meals. The County Sheriff should establish procedures to ensure the timely payment of all bills and to ensure charges are within credit limits to avoid penalties.

Response – Claims without supporting documentation will be held from payment until support is received. Claims will be submitted timely to avoid late fees.

Conclusion – Response accepted.

- (G) County Sheriff Inmate and Commissary Accounts – The inmate and commissary account book balances were not reconciled to bank balances at the end of each month. A monthly list of outstanding checks and trusts on hand were not prepared for each account.

Monona County

Schedule of Findings

Year ended June 30, 2007

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

Response – A form supplied by the auditor will be utilized to make sure the accounts are reconciled each month.

Conclusion – Response acknowledged. However, monthly listings of outstanding checks and trusts should also be prepared and retained for each account.

- (H) Sanitarian/Zoning/Well Closing Office – Receipts are not deposited timely with the County Treasurer.

Recommendation – All collections should be deposited timely with the County Treasurer.

Response – The new office holder is depositing timely along with a quarterly report of fees collected with Treasurer's receipts attached.

Conclusion – Response accepted.

- (I) Special Report - The Office of Auditor of State issued a special report dated January 9, 2008 on the Monona County Engineer's Office for the period January 1, 2004 through April 20, 2007. The review was performed as a result of concerns regarding certain payments authorized by the County Engineer for printer cartridges from a vendor in California.

The special investigation identified improper invoices totaling \$17,568 authorized by the County Engineer, of which \$4,330 was paid by the County. The invoices were for printer cartridges from Master Image Supply, Inc. and Quality Office & Printing Supplies, Inc. The investigation was unable to determine if all cartridges paid for were actually received.

The special report was filed with the Monona County Attorney, the Monona County Sheriff, the Iowa Attorney General and the Division of Criminal Investigation. Copies of the report are available for review in the Office of Auditor of State and the County Auditor's Office.

Below are the recommendations identified in the special report:

- (1) Promotional Items – The County does not have policies and procedures addressing the proper distribution of promotional items received from vendors.

Recommendation – The Board of Supervisors should develop and implement written policies and procedures addressing the proper disposition of promotional items.

Monona County

Schedule of Findings

Year ended June 30, 2007

Response – A policy incorporating the gift law, including proper disposition of promotional items, will be developed.

Conclusion – Response accepted.

- (2) Purchasing Policy – The County does not have an authorized vendor listing or a policy regarding purchasing from certain vendors to maximize savings or quantity discounts. Because each County Office has purchasing authority, the County may forgo quantity discounts and, as a result, not receive the best value.

Recommendation – The Board of Supervisors should consider developing an authorized vendor listing and a policy regarding purchases in a manner to maximize savings or quantity discounts. In addition, the Board of Supervisors should consider developing procedures to coordinate purchases among offices of common equipment and supplies to achieve quantity discounts.

Response – An authorized vendor listing will be compiled by a committee of interested Department Heads/Office Holders. Currently, inventory of paper for copiers and printers is purchased in quantity for multi-department utilities.

Conclusion – Response accepted.

- (3) Supporting Documentation – Claims submitted by the County Engineer's Office did not always contain adequate supporting documentation and did not include receiving reports or other similar documentation.

Recommendation – The Board of Supervisors should implement policies requiring adequate supporting documentation be provided to ensure an understanding of what goods and services were purchased and the related quantity. In addition, the Board should implement policies to ensure receiving reports are reviewed by an independent party prior to authorizing payment.

Response – The Board acknowledges that a policy should be developed and enforced with regard to purchasing and receiving of goods and services.

Conclusion – Response acknowledged. The Board should implement policies requiring adequate support for purchases and proper review of receiving reports by independent personnel.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Monona County

Schedule of Findings

Year ended June 30, 2007

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 exceeded the amount budgeted in the capital projects function. Also, although the Board of Supervisors acted to increase certain departmental appropriations by amendment, disbursements in one department exceeded the amount appropriated.

Recommendation – The budget and departmental appropriations should be amended in accordance with Chapters 331.435 and 331.434(6) of the Code of Iowa before disbursements are allowed to exceed the budget or appropriation.

Response – The County Auditor is aware of the due process, however, felt duty bound to make interest payment on the general obligation bond, causing the debt service function to exceed the appropriation. The Secondary Road department made a payment to a contractor causing the capital projects function to exceed the amended budget. This should not happen again.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Monona County

Schedule of Findings

Year ended June 30, 2007

- (9) Inmate Room and Board Collections – Inmate room and board collections are credited to the General Fund. However, adequate records are not maintained for the use of the funds to document compliance with Chapter 356.7(5) of the Code of Iowa.

Recommendation – Unspent balances, if any, should be tracked by the County Sheriff and the Board of Supervisors since the funds are restricted and must be used for specific purposes.

Response – A log of unused funds will be kept. Spent funds also will be shown on the County Sheriff budget.

Conclusion – Response accepted.

- (10) Outstanding Warrants – The County Auditor did not cancel warrants outstanding more than one year as required by Chapter 331.554(7) of the Code of Iowa.

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

Response – A reminder is flagged on the calendar so this does not happen in the future.

Conclusion – Response accepted.

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

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

Response – Checks outstanding have been cancelled.

Conclusion – Response accepted.

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

Disbursements during the year ended June 30, 2007 for the County Extension Office exceeded the amount budgeted.

Recommendation – The budget should be amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements are allowed to exceed the budget.

Response – The overspending in tort liability was an accounting oversight. The total tort liability bill was paid and the tort balance was zeroed out for a portion of the bill which exceeded the budget amount. Tort is no longer levied and the intent was to eliminate that separate category.

Conclusion – Response accepted.

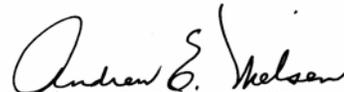
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Monona County

Staff

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