CERRO GORDO COUNTY

IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

CERRO GORDO COUNTY, IOWA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

Prepared by: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008
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CERRO GORDO COUNTY, IOWA

OFFICIALS
June 30, 2008

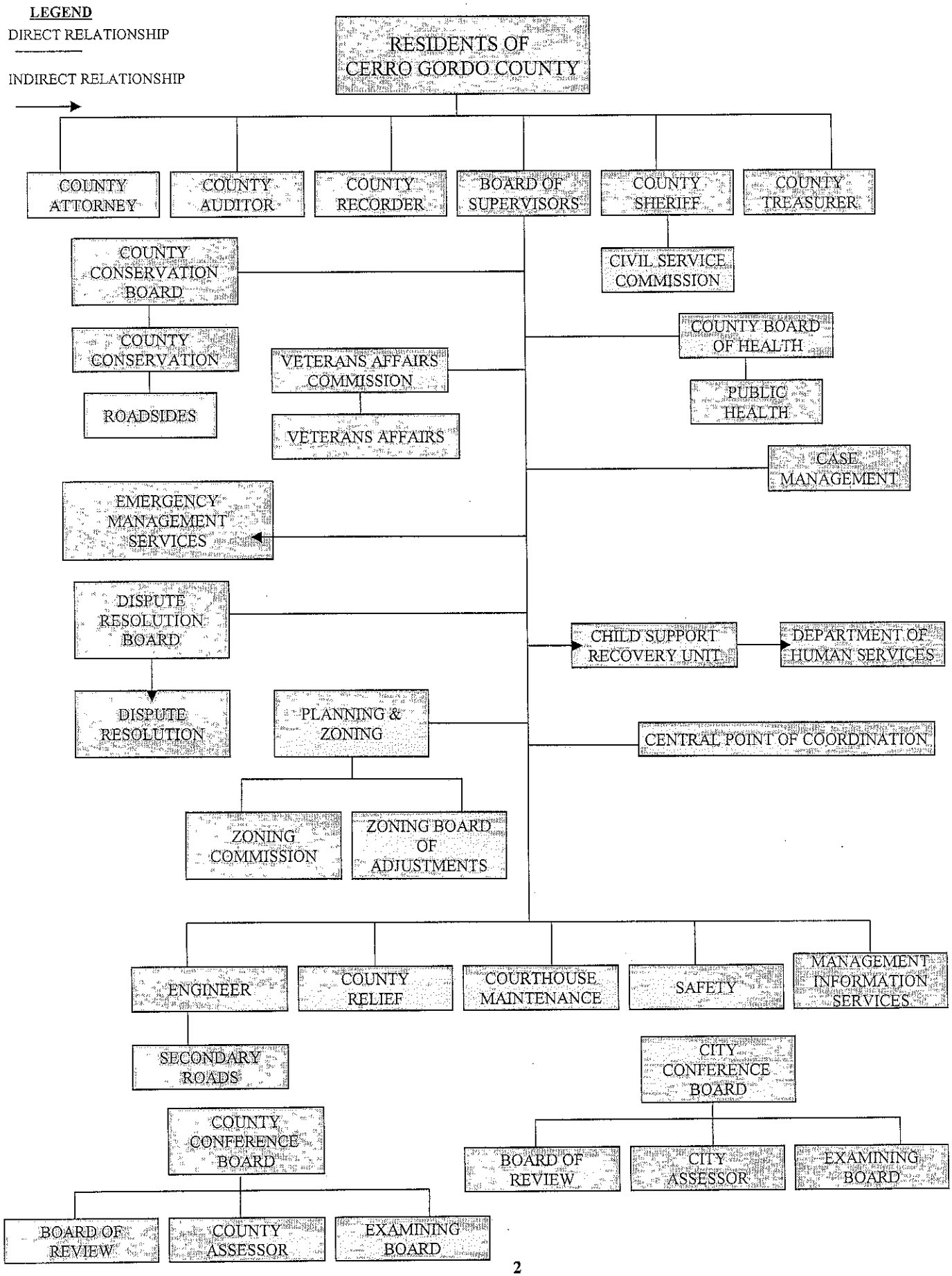
Board of Supervisors

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

Officers

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

CERRO GORDO COUNTY ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cerro Gordo County
Iowa

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

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

President

Executive Director

County Auditor
Cerro Gordo County Courthouse

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

Mason City, IA 50401-3254

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

December 18, 2008

County Board of Supervisors and Citizens
Cerro Gordo County, Iowa

The Comprehensive Annual Financial Report (CAFR) for the County of Cerro Gordo, Iowa (the "County") for the fiscal year ended June 30, 2008, is hereby submitted in accordance with the provisions of Section 331.403 of the Code of Iowa.

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

The County's financial statements have been audited by Gardiner Thomsen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2008, indicating that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of Cerro Gordo County

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

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

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

Factors Affecting Financial Condition

Local Economy

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

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

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

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

The County is a regional center for health care services. The City of Mason City has the third highest number of physicians per capita in the State, trailing only the Cities of Des Moines and Iowa City. Mercy Medical Center - North Iowa is the County's largest employer with two facilities and with affiliated clinics and hospitals in a 14-county region. The 346-bed health center employed more than 2,750 people during the fiscal year and had supporting services from 293 physicians, not including physician assistants, nurse practitioners, and 130 physicians and mid-level providers in 41 clinics in 31 North Iowa communities.

In general economic news for the fiscal year, Mason City's cost of living for the second quarter of 2007 was 87.0% of the national average, according to the ACCRA Cost of Living Index. The number of persons employed in the county went from 24,620 to 25,050, an increase of 1.7% from December 2006 to December 2007, according to figures from Iowa Workforce Development. Taxable sales in Cerro Gordo County grew 0.04% from $175.27 million to $175.35 million comparing the second quarters of calendar years 2006 and 2007, according to figures from the Iowa Department of Revenue.

Industrial news for the fiscal year was highlighted by the opening of the Magellan Midstream Partners biodiesel blending plant in Clear Lake. The system has a 2,000-barrel (84,000-gallon) tank, as well as insulation and heating of all pipelines. It also has ratio-blending equipment to allow the biodiesel to be blended with the petroleum diesel fuel at the plant, with the benefits of better blending in cold weather, better accuracy in blending, and greater efficiency with shorter waiting lines for truckers. This is the first state-of-the-art biodiesel blending system inside a petroleum terminal in Iowa.

Martin-Brower Co. opened a new distribution center in a vacant building in Mason City's industrial park in November 2007. The company is the largest distributor of McDonald's restaurant products and employs 30 drivers earning $21 per hour at the new location, as well as 25 warehouse employees earning $11 per hour. The County Board of Supervisors approved $112,000 in funding for building renovations, with monies coming from the one-cent local option sales tax revenues. Also, the City of Mason City approved a forgivable loan of an additional $112,000, in addition to a five-year tax rebate incentive. Martin-Brower delivers more than 200 million cases of food and paper products yearly to 9,000 restaurants in the United States, Canada, and Latin America.

Major Initiatives

The new law enforcement complex on fifteen acres of land owned by the county was opened for business on February 14, 2008. Also, in February, 2008 the County joined forces with the Cities of Clear Lake and Mason City, who integrated their two separate economic development agencies, to enhance the already-formed North Central Iowa Growth Partnership.

Long-Term Financial Planning

The County is continuing to develop strategies for improving service, quality and efficiency. The Board utilizes a long term fiscal policy and continues its strategic planning process. As part of the County's target issues, the construction of the law enforcement complex was completed in February, 2008. This $13.5 million project is financed through the issuance of general obligation capital loan notes. Increased operating costs will be offset be the elimination of inmate housing costs in out of county facilities due to the prior facility being at capacity, and further supplemented by the housing of other county and federal inmates.

The County's secondary road system is also being continually reviewed. The County Engineer has developed a long-range five-year plan addressing how much additional funding will be required to maintain the quality of the County's roads and bridges.

Cash Management

The County's investment policy is to ensure the safety of public funds by minimizing credit and market risk while maintaining a competitive yield on its portfolio. Idle funds during the year were invested in those investments authorized by law and included certificates of deposit and interest bearing bank accounts. Interest revenue on all governmental fund investments for the fiscal year was $727,252, down $424,304, a 37% decrease from the prior fiscal year.

Risk Management

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cerro Gordo County, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Heather R Mathre

Heather R. Mathre, CPA
Budget Manager
Office of the County Auditor
Cerro Gordo County, Iowa

Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Officials of Cerro Gordo County
Mason City, Iowa

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

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

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

In accordance with *Government Auditing Standards*, we have issued our report dated December 4, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 9 through 18 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cerro Gordo County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. The combining and nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information for the year ended June 30, 2008 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

December 4, 2008

Gardiner Thomsen, P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Cerro Gordo County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information presented in the transmittal letter beginning on page 4, and the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Cerro Gordo County governmental fund revenues decreased 1.5% or $439,012 from $29,872,477 in fiscal year 2007 (FY07) to $29,433,465 in fiscal year 2008 (FY08). Property taxes and other county taxes increased $526,088, intergovernmental revenue decreased $771,962, and use of money and property revenues decreased $343,265 from FY07.

- Cerro Gordo County governmental fund expenditures for FY08 were $35,886,366, an increase of $1,556,678 from $34,329,688 in FY07. This was contributable to: a $1,035,508 decrease in capital projects due to the majority of the construction of the new law enforcement center in FY07; an increase of $505,299 for additional mental health expenditures; $519,218 increased expenditures in the county environment & education; and increased public safety and legal service expenditures of $663,487 for the addition of jail personnel for the new law enforcement complex.

- The assets of the county exceeded liabilities at fiscal year ended June 30, 2008 by $39,969,492 (net assets). Of this amount, $5,339,561 is unrestricted and may be used to meet the County's ongoing obligations. For fiscal year ended June 30, 2007, assets exceeded liabilities by $39,415,382, of which $4,465,515 was unrestricted

- Cerro Gordo County's net assets increased 1.4% or approximately $554,110 at June 30, 2008. Government activities increased $645,280 and business-type activities decreased by $91,170. For fiscal year ended June 30, 2007, total net assets increased $10,174,751. Governmental activities increased $10,257,853 and business-type activities decreased $83,102.

- Cerro Gordo County's governmental funds reported combined ending fund balances of $12,160,660, a decrease of $6,055,234 in comparison with the FY07 fund balances of $18,215,894. Approximately 86% of the total amount, $10,413,473 is available for spending at the County's discretion (unreserved fund balance).

- Cerro Gordo County's general long-term debt, excluding compensated absences and claims payable, decreased $960,772 during the fiscal year, from $13,450,393 in FY07 to $12,489,621 in FY08. This change was due to scheduled debt payments of $960,772 during FY08.

USING THIS ANNUAL REPORT

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

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

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

The Fund Financial Statements (starting on page 22) tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Cerro Gordo County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cerro Gordo County acts solely as an agent or custodian for the benefit of those outside of the government.

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

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

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

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Fund Financial Statements

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

Cerro Gordo County has three kinds of funds:

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

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

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

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

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management, county assessor, and city assessor to name a few.

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

Notes to the Financial Statements

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

Supplemental Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Cerro Gordo County's net assets increased $554,110 from $39,415,382 to $39,969,492. The analysis below focuses on the net assets and changes in net assets of our government and business-type activities.

Cerro Gordo County's Net Assets
June 30, 2008

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$28,702,413	$34,300,122	$75,150	$88,974	$28,777,563	$34,389,096
Capital assets	38,531,268	33,052,622	2,153,111	2,238,397	40,684,379	35,291,019
Total assets	67,233,681	67,352,744	2,228,261	2,327,371	69,461,942	69,680,115
Long-term debt outstanding	13,214,260	14,133,316	586,635	595,379	13,800,895	14,728,695
Other liabilities	15,690,081	15,535,368	1,474	670	15,691,555	15,536,038
Total liabilities	28,904,341	29,668,684	588,109	596,049	29,492,450	30,264,733
Net assets:						
Invested in capital assets, net of related debt	26,166,841	25,918,908	1,910,172	1,971,672	28,077,013	27,890,580
Restricted	6,552,918	7,059,287	0	0	6,552,918	7,059,287
Unrestricted	5,609,581	4,705,865	(270,020)	(240,350)	5,339,561	4,465,515
Total net assets	$38,329,340	$37,684,060	$1,640,152	$1,731,322	$39,969,492	$39,415,382

The largest portion of the County's net assets, 70.2%, is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The County uses these capital assets to provide services to citizens, therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities.

A restricted portion of the County's net assets, 16.4% or $6,552,918, represents resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. The remaining balance of unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is $5,339,561 or 13.4%.

The County's net assets increased by $554,110 during the current fiscal year. The governmental-type activities increased by $645,280 and the business-type activities decreased $91,170.

The following table highlights the County's revenues and expenses for the fiscal year ended June 30, 2008 and 2007. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales and services, operating grants and contributions and capital grants and contributions. General Revenue includes taxes, investment income and other unrestricted revenue sources.

Cerro Gordo County's Changes in Net Assets
June 30, 2008

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for service and sales	$3,195,829	$2,213,004	$74,612	$60,990	$3,270,441	$2,273,994
Operating grants and contributions	8,755,036	10,668,131	0	0	8,755,036	10,668,131
Capital grants and contributions	611,123	850,690	0	0	611,123	850,690
General Revenues						
Property taxes	13,512,240	13,255,634	0	0	13,512,240	13,255,634
Penalty & interest on property tax	146,433	130,746	0	0	146,433	130,746
State tax credits	483,910	498,856	0	0	483,910	498,856
Local option sales & service tax	1,787,415	1,520,121	0	0	1,787,415	1,520,121
Grants and contributions not restricted to specific purposes	0	0	0	0	0	0
Unrestricted investment earnings	718,515	1,141,111	0	0	718,515	1,411,111
Miscellaneous	925,932	339,750	0	0	925,932	339,750
Loss on Disposal of Capital Assets	(24,774)	0	0	0	(24,774)	0
Total revenues	**30,111,659**	**30,618,043**	**74,612**	**60,990**	**30,186,271**	**30,679,033**
Expenses:						
Public safety and legal services	6,549,905	5,598,566	0	0	6,549,905	5,598,566
Physical health and social services	4,884,946	4,730,060	0	0	4,884,946	4,730,060
Mental health	6,373,624	5,851,088	0	0	6,373,624	5,851,088
County environment and education	1,536,823	1,128,411	0	0	1,536,823	1,128,411
Roads and transportation	5,944,155	6,085,524	0	0	5,944,155	6,085,524
Government services to residents	998,437	895,995	0	0	998,437	895,995
Administration or general government	2,448,491	2,227,192	0	0	2,448,491	2,227,192
Non-program	172,344	266,798	165,782	144,092	338,126	410,890
Interest on long-term debt	557,654	604,169	0	0	557,654	604,169
Total expenses	**29,466,379**	**27,387,803**	**165,782**	**144,092**	**29,632,161**	**27,531,895**
Increase (decrease) in net assets	**645,280**	**3,230,240**	**(91,170)**	**(83,102)**	**554,110**	**3,147,138**
Net assets July 1, (see Note 19)	37,684,060	34,453,820	1,731,322	1,814,424	39,415,382	36,268,244
Net assets June 30,	**38,329,340**	**37,684,060**	**1,640,152**	**1,731,322**	**39,969,492**	**39,415,382**

Governmental Activities

Revenues for governmental activities increased 1.65%, or $506,384 over the prior year. Charges for service and sales increased $982,825 in the public safety and mental health service areas due to reclassification of revenue type from operating grants and contributions to charges for services. The County's operating grants and contributions decreased $1,913,095 due to both revenue reclassification and a reduction of grants received in FY08. Property tax revenues increased $256,606 due to an increase in the taxable value in the county. Unrestricted investment earnings decreased $422,596 due to lower investment rate of return.

The cost of all governmental activities this year was $29,466,379, an increase of $2,078,576 over the prior years' $27,387,803. However, as shown in the Statement of Activities on page 20-21, the amount the taxpayers ultimately financed for these activities through County taxes was only $16,904,391 because some of the cost was paid by those that directly benefited from the programs, or by other governments and organizations that subsidized certain programs with grants and contributions.

Public safety and legal service expenses were $951,339 higher than the prior year due to the addition of jail personnel for the new law enforcement complex, and the addition Mental Health expenses increased $522,536

due to an increase in fees for service from providers. County environment and education increased $408,412 due to two new economic development projects.

Cerro Gordo County maintained both the countywide tax rate of 6.59468 and the rural rate of 3.51050 for FY08. The combined tax rates resulted in increased property tax dollars of approximately $275,000 for general purposes, $77,000 for debt service, and a decrease of $4,550 for rural purposes.

Business-Type Activities

Business-type activities decreased the County's net assets by $91,170.

The County's Individual Major Funds

As Cerro Gordo County completed the year, its governmental funds reported a combined fund balance of $12,160,660, which is a decrease of $6,055,234 or 33.2% over the combined fund balance for FY07. Of this amount, $10,413,473 represents the unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed. The following are the major reasons for the changes in fund balances from the prior year:

- The General Fund, as the main operating fund for Cerro Gordo County, ended FY08 with a 52% ending fund balance totaling $5,557,664. This is a $415,430 increase from the prior year's $5,142,234 fund balance. The key factors for the increase was an additional $331,087 in property and other county taxes and an additional $223,862 in intergovernmental revenues. The largest increase for expenditures was the public safety and legal services function with $528,122. After years of planning, the Cerro Gordo County Sheriff's Department moved into the newly constructed Cerro Gordo County Law Enforcement Complex on February 14, 2008. With the new complex came nine additional jail personnel and the expenses associated with personnel.

- Cerro Gordo County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled $6,366,901, an increase of 8.6% over last year's expenditures of $5,861,602 due to an increase in the service fees for the persons served. Revenues decreased $543,247 due to reduction in State funding. The Mental Health Fund balance decreased from $630,368 to $(254,172) in FY08, a decrease of $884,540.

- The Rural Services Fund had a fund balance that increased $127,670 to $577,316 from the prior year ending balance of $449,646, a result of the additional property and other county taxes received. Revenues increased $9,923, from $1,914,391 in FY07 to $1,924,314 in FY08. Expenditures totaled $296,844, an increase of 20.7% over last year's expenditures of $245,912 due to the purchase of a vehicle for the Sheriff's patrol department.

- The Secondary Roads Fund expenditures increased by $707,722 or 13.7%, from $5,165,315 in FY07 to $5,873,037 in FY08. This was due to additional roadway construction completed in FY08 as the County continued to upgrade the condition of the County roadway system. The Secondary Road Fund balance increased $264,924, from $3,302,534 in FY07 to $3,567,458 in FY08.

- The Public Health Fund ended FY08 with a $635,649 fund balance, a $20,494 decrease over the prior year's balance of $656,143. Expenditures increased $27,770, or 1.0% over the prior year. Revenues decreased 11.8%, or $222,146 due to the less intergovernmental revenues, a direst result of fewer grants received.

- The Debt Service Fund had a fund balance of $35,312, all of which is reserved for the payment of debt.

- The Capital Projects fund balance was $470,880 at June 30, 2008. This is a decrease of $5,619,099 from the prior year fund balance of $6,089,979 due to the construction of the new law enforcement complex.

Budgetary Highlights

The county budget is based on ten functions/service areas as required by the State, not by fund or fund type. Over the course of the year, Cerro Gordo County amended its budget three times. The budgetary comparison schedule on pages 46 and 47 provide more information. The amendments, made in December 2007, May 2008, and June 2008, resulted in the following:

Revenues and Other Financing Sources increased $382,513, which included:

- Increase of $411,062 in local option sales and service tax and utility excise tax.

- Approximately $427,106 reduction in intergovernmental revenues by various departments, including a decrease of $491,588 for mental health services.

- Additional $78,550 in licenses and permits for public health.

- Charges for services increased $43,379, due to planning & zoning of $4,000, public health of $29,379, and $10,000 for mental health services.

- Additional $170,700 for use of money & property. This was due to additional interest revenue than budgeted of $99,600 and sale of property of $71,100.

- Miscellaneous revenue increased $105,928 due to several departments receiving additional miscellaneous revenue.

Expenditures and Other Financing Uses increased $4,780,412, which included:

- Increase of $39,512 in public safety and legal services, including $165,000 for the Sheriff department.

- Increase of $275,926 in physical health and education. This includes $92,114 for the Empowerment program, and $263,812 for the public health department.

- $485,000 increase in mental health.

- Additional $422,151 in county environment & education. $378,350 of the total was for additional county grants.

- Additional $290,000 in roads & transportation due to the flood in June 2008.

- An increase of $4,000 for government services to residents.

- Increase of $233,630 in administration, including a $300,000 transfer to the health insurance fund.

- A decrease of $20,000 for the nonprogram current service area for drainage ditches.

- Increase in capital projects of $3,050,193 for construction of the law enforcement complex.

During the year, however, revenues were $79,247 less than budgetary revenues and expenditures were $2,251,822 less than budgetary expenditures. Iowa law requires budget amendments to specific expenditure functions/service areas, i.e., public safety and legal service, to be enacted by the Board of Supervisors no later than May 31 of each fiscal year. Since the County's fiscal year ends on June 30 and since the County's budget is based on the current financial resources measurement focus and the modified accrual basis of accounting, the Board takes a conservative approach when enacting yearend budget amendments. This means the comparison of actual to budgeted amounts will usually show expenditures to be well below budgeted amounts. This is especially true for the Capital Projects and Roads and Transportation functions when projects may roll over to a subsequent fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Cerro Gordo County's investment in capital assets for its governmental and business-type activities as of June 30, 2008 was $64,534,222, an increase of $7,130,924 or 12.4% compared to FY07. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, vehicles, and infrastructure.

Major capital asset additions during the current fiscal year included infrastructure, the new law enforcement complex, and vehicles for Sheriff and Secondary Roads.

Cerro Gordo County's Capital Assets
FYE 2008

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 1,646,392	$ 1,646,392	$ 62,300	$ 62,300	$ 1,708,692	$ 1,708,692
Construction-in-Process	1,202,355	7,649,808	0	0	1,202,355	7,649,808
Buildings	17,549,653	4,414,089	0	0	17,549,653	4,414,089
Improvements other than Buildings	603,760	417,751	0	0	603,760	417,751
Machinery & Equipment	6,503,591	6,494,355	0	0	6,503,591	6,494,355
Vehicles	3,483,678	3,323,079	0	0	3,483,678	3,323,079
Infrastructure	30,775,850	30,688,881	2,706,643	2,706,643	33,482,493	33,395,524
Total	61,765,279	54,634,355	2,768,943	2,768,943	64,534,222	57,403,298
Less: Accumulated Depreciation	23,234,011	21,581,733	615,832	530,546	23,849,843	22,112,279
Total	38,531,268	33,052,622	2,153,111	2,238,397	40,684,379	35,291,019

For governmental activities, Cerro Gordo County had depreciation expense of $2,037,727 and total accumulated depreciation of $23,234,011 for the year ended June 30, 2008. For business-type activities, depreciation expense was $85,286 and total accumulated depreciation was $615,832 for the year end.

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

Debt

As of June 30, 2008, Cerro Gordo County had general obligation bonds and capital loan notes outstanding totaling $12,480,000, a decrease of $955,000 compared to FY07. The decrease of debt resulted from the debt retirement of $955,000. In the current year, the County paid $955,000 in principal and $560,657 in interest on outstanding debt, compared to $1,160,000 in principal and $433,717 in interest for FY07.

Sewer revenue capital loan notes (Business-Type Activities) outstanding totaled $586,635. This is a decrease of $8,744 due to debt retirement. Business-Type Activities paid $8,744 in principal and $26,793 in interest on outstanding debt in the current year.

The Code of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the county. Cerro Gordo County's outstanding general obligation debt is significantly below its limit of $154 million.

Cerro Gordo County's Outstanding Debt
June 30, 2008

	2008	2007
Governmental Activities:		
General Obligation Bonds and Capital Loan Notes	$ 12,480,000	$ 13,435,000
Capital Lease Purchase Agreements	9,621	15,393
Installment Purchase Agreements	0	0
Drainage Warrants	16,457	21,418
Termination Benefits	8,925	18,945
Compensated Absences	699,257	662,252
Total	**$ 13,214,260**	**$ 14,153,008**
Business-Type Activities:		
Sewer Revenue Bonds	$ 586,635	$ 595,379

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

ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES

Cerro Gordo County's elected and appointed officials and citizens considered many factors when setting the 2009 fiscal year budget, tax rates, and the fees that will be charged for the various County services. One of those factors is the economy. Cerro Gordo County's unemployment rate now stands at 4.5% versus 3.9% a year ago. This compares with the State unemployment rate of 4.4% and the national rate of 6.7%.

- For the budget year ending June 30, 2009, Cerro Gordo County decreased the countywide tax rate from $6.59468 per thousand of taxable valuation to $6.32224 and maintained the rural county tax rate at

$3.51050 per thousand of taxable valuation. This decrease in the countywide tax rate is due to a decrease in funds needed in the debt service fund.

- The tax base for Cerro Gordo County increased 6.0% over the prior year.

- The total expenditures for the FY09 budget are $32,562,542, down $5,154,886 from the final FY08 budget. There are several factors contributing to the decrease, mainly the construction of the new law enforcement center, with approximately $5,750,000 expended for construction in FY08 . All four of the County bargaining unit contracts are currently under five year agreements that expire June 30, 2010.

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

All these factors were considered in preparing the Cerro Gordo County budget for the June 30, 2009 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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CERRO GORDO COUNTY, IOWA

STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	$11,915,647	$67,564	$11,983,211
Receivables:			
Property Tax:			
Delinquent	13,992	0	13,992
Succeeding year	13,436,971	0	13,436,971
Interest and Penalty on Property Tax	278	0	278
Accounts	428,232	0	428,232
Accrued Interest	23,711	0	23,711
Special Assessments	143,750	0	143,750
Drainage Assessments	4,542	0	4,542
Due From Other Governments	1,314,353	7,586	1,321,939
Inventories	1,420,937	0	1,420,937
Capital Assets:			
Land	1,646,392	62,300	1,708,692
Construction in Progress	1,202,355	0	1,202,355
Other Capital Assets	58,916,532	2,706,643	61,623,175
Less Accumulated Depreciation	(23,234,011)	(615,832)	(23,849,843)
Total Assets	$67,233,681	$2,228,261	$69,461,942
Liabilities			
Accounts Payable	$1,401,274	$1,474	$1,402,748
Accrued Interest Payable	43,585	0	43,585
Salaries and Benefits Payable	243,750	0	243,750
Due to Other Governments	564,501	0	564,501
Unearned Revenue:			
Succeeding Year Property Tax	13,436,971	0	13,436,971
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Capital Lease Purchase Agreements	6,278	0	6,278
General Obligation Bonds/Revenue Notes	535,000	9,138	544,138
Compensated Absences	699,257	0	699,257
Termination Benefits	5,100	0	5,100
Portion Due or Payable After One Year:			
Capital Lease Purchase Agreements	3,343	0	3,343
General Obligation Bonds/Revenue Notes	11,945,000	577,497	12,522,497
Drainage District Warrants Payable	16,457	0	16,457
Termination Benefits	3,825	0	3,825
Total Liabilities	28,904,341	588,109	29,492,450
Net Assets			
Invested in Capital Assets, Net of Related Debt	26,166,841	1,910,172	28,077,013
Temporarily Restricted For:			
Mental Health Purposes	(179,810)	0	(179,810)
Secondary Roads Purposes	3,651,908	0	3,651,908
Rural Services	577,316	0	577,316
Public Health	483,149	0	483,149
Debt Service	45,573	0	45,573
Capital Projects	420,686	0	420,686
Nonmajor Special Revenue	1,554,096	0	1,554,096
Unrestricted	5,609,581	(270,020)	5,339,561
Total Net Assets	$38,329,340	$1,640,152	$39,696,492

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

		Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental Activities:				
Public Safety and Legal Services	$6,549,905	$900,473	$579,963	$0
Physical Health and Social Services	4,884,946	579,215	2,446,513	0
Mental Health	6,373,624	586,315	2,662,275	0
County Environment and Education	1,536,823	63,167	51,204	0
Roads and Transportation	5,944,155	23,057	3,011,960	611,123
Governmental Services to Residents	998,437	721,702	3,121	0
Administrative Services	2,448,491	232,344	0	0
Non-Program	172,344	89,556	0	0
Interest on Long Term Debt	557,654	0	0	0
	29,466,379	3,195,829	8,755,036	611,123
Business-type Activities				
Wastewater Collection and Treatment	165,782	74,612	0	0
Total	$29,632,161	$3,270,441	$8,755,036	$611,123

GENERAL REVENUES:

Property and Other County Tax Levied For:
- General Purposes
- Debt Service

Penalty and Interest on Property Tax
State Tax Credits, Unrestricted
Local Option Sales and Service Tax
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($5,069,469)	$0	($5,069,469)
(1,859,218)	0	(1,859,218)
(3,125,034)	0	(3,125,034)
(1,422,452)	0	(1,422,452)
(2,298,015)	0	(2,298,015)
(273,614)	0	(273,614)
(2,216,147)	0	(2,216,147)
(82,788)	0	(82,788)
(557,654)	0	(557,654)
(16,904,391)	0	(16,904,391)
0	(91,170)	(91,170)
($16,904,391)	($91,170)	($16,995,561)
$12,116,096	$0	$12,116,096
1,396,144	0	1,396,144
146,433	0	146,433
483,910	0	483,910
1,787,415	0	1,787,415
718,515	0	718,515
901,158	0	901,158
17,549,671	0	17,549,671
645,280	(91,170)	554,110
37,684,060	1,731,322	39,415,382
$38,329,340	$1,640,152	$39,969,492

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2008

		Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads	Public Health
Assets					
Cash and Pooled Investments	$5,769,131	$474,365	$591,561	$2,006,587	$498,275
Receivables:					
Property Tax:					
Delinquent	8,634	2,379	1,510	0	0
Succeeding Year	8,532,296	2,173,672	1,791,465	0	0
Interest and Penalty on Property Tax	278	0	0	0	0
Accounts	129,936	34,999	0	46,124	183,703
Accrued Interest	23,182	0	0	0	0
Special Assessments	83,946	0	0	7,395	0
Drainage Assessments	0	0	0	0	0
Due From Other Funds	4,304	0	0	0	15,000
Due From Other Governments	256,811	167,262	292	670,969	76,386
Inventories	0	0	0	1,420,937	0
Total Assets	$14,808,518	$2,852,677	$2,384,828	$4,152,012	$773,364
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$469,276	$262,221	$11,412	$277,083	$73,233
Salaries and Benefits Payable	134,528	11,540	3,245	44,412	39,865
Due To Other Funds	0	814	0	163	1,941
Due To Other Governments	10,765	551,862	0	0	1,874
Deferred Revenue:					
Succeeding Year Property Tax	8,532,296	2,173,672	1,791,465	0	0
Other	103,989	106,740	1,390	262,896	20,802
Total Liabilities	9,250,854	3,106,849	1,807,512	584,554	137,715
Fund Balances					
Reserved For:					
Inventories	0	0	0	1,420,937	0
Endowment	0	0	0	0	0
Drainage Warrants	0	0	0	0	0
Trust	0	0	0	0	0
Debt Service	0	0	0	0	0
Unreserved, Reported In:					
General Fund	5,557,664	0	0	0	0
Special Revenue Funds	0	(254,172)	577,316	2,146,521	635,649
Capital Projects Fund	0	0	0	0	0
Total Fund Balances	5,557,664	(254,172)	577,316	3,567,458	635,649
Total Liabilities and Fund Balances	$14,808,518	$2,852,677	$2,384,828	$4,152,012	$773,364

See Notes To Financial Statements

Debt Service	Capital Projects	Nonmajor	Total
$35,280	$544,980	$1,650,759	$11,570,938
1,469	0	0	13,992
939,538	0	0	13,436,971
0	0	0	278
0	0	26,113	420,875
0	0	529	23,711
52,409	0	0	143,750
0	0	4,542	4,542
0	0	0	19,304
0	0	142,610	1,314,330
0	0	0	1,420,937
$1,028,696	$544,980	$1,824,553	$28,369,628
$0	$74,100	$228,252	$1,395,577
0	0	10,160	243,750
0	0	15,217	18,135
0	0	0	564,501
939,538	0	0	13,436,971
53,846	0	371	550,034
993,384	74,100	254,000	16,208,968
0	0	0	1,420,937
0	0	120,185	120,185
0	0	110,753	110,753
0	0	60,000	60,000
35,312	0	0	35,312
0	0	0	5,557,664
0	0	1,279,615	4,384,929
0	470,880	0	470,880
35,312	470,880	1,570,553	12,160,660
$1,028,696	$544,980	$1,824,553	$28,369,628

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total Governmental Fund Balances (page 23)		$12,160,660
Amounts reported for governmental activities in the statement of net assets that are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is $61,765,279 and the accumulated depreciation is $23,234,011.		38,531,268
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.		
Property Taxes – General Purposes	12,022	
Property Taxes – Debt Service	1,437	
Byrne Justice Assistance Grant	9,392	
Bulletproof Vest Grant	2,034	
Prisoner Room and Board	260	
Revenue Stamps	27	
Medicaid	76,878	
Smart Start Workshop Stipend	27,560	
Federal Emergency Management Assistance	255,501	
Public Health Inspection and License	371	
Public Health Bioterrorism Grant	5,760	
Public Health Reimbursements	15,042	
Drainage Assessments/Special Assessments	143,750	550,034
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.		345,223
Long-term liabilities, including bonds payable, accrued interest payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (See Notes 7 through 11)		(13,257,845)
Net assets of governmental activities (page 19)		$38,329,340

See Notes to Financial Statements

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CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	General	Mental Health	Rural Services	Secondary Roads	Public Health
REVENUES:					
Property and Other County Tax	$8,227,630	$2,217,099	$1,857,808	$983,078	$0
Interest and Penalty on Property Tax	146,433	0	0	0	0
Intergovernmental	1,848,410	3,218,480	66,506	3,085,377	1,240,829
Licenses and Permits	16,923	0	0	13,576	18,190
Charges For Service	893,297	9,724	0	0	187,023
Use of Money and Property	743,451	0	0	1,400	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	284,054	60,209	0	173,552	218,438
Total Revenues	12,160,198	5,505,512	1,924,314	4,256,983	1,664,480
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	5,934,831	0	44,649	0	0
Physical Health and Social Services	656,129	0	0	0	2,758,877
Mental Health	0	6,366,901	0	0	0
County Environment and Education	763,919	0	44,612	0	0
Roads and Transportation	0	0	207,383	4,765,611	0
Governmental Services to Residents	914,679	0	0	0	0
Administration	2,426,128	0	0	0	0
Non-Program	10,558	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	0	0	0	1,107,426	0
Total Expenditures	10,706,244	6,366,901	296,644	5,873,037	2,758,877
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,453,954	(861,389)	1,627,670	(1,616,054)	(1,094,397)
Other Financing Sources (Uses):					
Sale of Capital Assets	10,000	0	0	0	228
Issuance of Drainage Warrants	0	0	0	0	0
Transfers In	25,151	0	0	1,500,000	1,073,675
Transfers Out	(1,073,675)	(23,151)	(1,500,000)	0	0
Total Other Financing Sources (Uses)	(1,038,524)	(23,151)	(1,500,000)	1,500,000	1,073,903
Net Change in Fund Balances	415,430	(884,540)	127,670	(116,054)	(20,494)
Fund Balances Beginning of Year	5,142,234	630,368	449,646	3,302,534	656,143
Increase in Reserve For:					
Inventories	0	0	0	380,978	0
Fund Balances End of Year	$5,557,664	($254,172)	$577,316	$3,567,458	$635,649

See Notes To Financial Statements

Debt Service	Capital Projects	Nonmajor	Total
$1,397,142	$0	$625,596	$15,308,353
0	0	0	146,433
48,422	0	1,076,070	10,584,094
0	0	365,463	414,152
0	0	65,589	1,155,633
0	97,774	60,282	902,907
0	0	25,305	25,305
42,400	33,713	84,222	896,588
1,487,964	131,487	2,302,527	29,433,465
0	0	249,972	6,229,452
0	0	1,451,221	4,866,227
0	0	0	6,366,901
0	0	823,121	1,631,652
0	0	0	4,972,994
0	0	13,844	928,523
0	0	40,480	2,466,608
0	0	39,784	50,342
1,515,657	0	0	1,515,657
0	5,750,586	0	6,858,012
1,515,657	5,750,586	2,618,422	35,886,368
(27,693)	(5,619,099)	(315,895)	(6,452,903)
0	0	682	10,910
0	0	5,781	5,781
0	0	2,000	2,600,826
(2,000)	0	(2,000)	(2,600,826)
(2,000)	0	6,463	16,691
(29,693)	(5,619,099)	(309,432)	(6,436,212)
65,005	6,089,979	1,879,985	18,215,894
0	0	0	380,978
$35,312	$470,880	$1,570,553	$12,160,660

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Net change in fund balances - Total governmental funds (page 26)		($6,436,212)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$7,268,057	
Capital assets contributed by the Iowa Department of Transportation	284,000	
Depreciation expense	(2,037,727)	5,514,330
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources.		(35,684)
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	(8,695)	
Other	292,580	283,885
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond and note principal and other debts is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt repayments exceeded issuances as follows:		
Principal payments	955,000	
Lease payments	5,772	
Drainage warrants	4,961	965,733
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences	(46,677)	
Interest on long-term debt	3,003	(43,674)
The change in the amount reserved for Secondary Roads inventory is reported as an increase or decrease in reserved fund balance in the governmental funds. This amount is reported as an increase or decrease in Secondary Roads expenses in the Statement of Activities.		380,978
The Internal Service Funds are used by management to charge the costs of employee health benefits, telephone service, and property insurance to individual funds. The net revenue of the Internal Service Funds are reported with governmental activities.		15,924
Change in net assets of governmental activities (page 21)		$645,280

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2008

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
ASSETS				
Current Assets:				
Cash	$5,449	$62,115	$67,564	$343,539
Receivables:				
Accounts	0	0	0	7,357
Due From Other Governments	2,784	4,802	7,586	23
Total Current Assets	8,233	66,917	75,150	350,919
Non-Current Assets:				
Capital Assets:				
Land	37,300	25,000	62,300	0
Improvements Other Than Buildings	1,542,226	1,164,417	2,706,643	0
Less Accumulated Depreciation	(244,026)	(371,806)	(615,832)	0
Total Non-Current Assets	1,335,500	817,611	2,153,111	0
Total Assets	$1,343,733	$884,528	$2,228,261	$350,919
LIABILITIES				
Current Liabilities:				
Accounts Payable	$511	$963	$1,474	$5,696
Note Payable:				
Portion Due Within One Year:				
Note Payable	4,610	4,528	9,138	0
Total Current Liabilities	5,121	5,491	10,612	5,696
Non-Current Liabilities:				
Portion Due After One Year:				
Note Payable	337,857	239,640	577,497	0
Total Liabilities	342,978	245,131	588,109	5,696
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,000,755	909,417	1,910,172	0
Unrestricted	0	(270,020)	(270,020)	345,223
	$1,000,755	$639,397	$1,640,152	$345,223

See Notes To Financial Statements

CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN FUND NET ASSETS – PROPRIETARY FUNDS
Year Ended June 30, 2008

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
OPERATING REVENUES:				
Interfund Services Provided	$0	$0	$0	$2,130,323
Employee Payments	0	0	0	50,816
Miscellaneous	46,556	28,056	74,612	80,848
Total Operating Revenues	46,556	28,056	74,612	2,261,987
OPERATING EXPENSES:				
Waste Water Treatment Facility:				
Depreciation	48,805	36,481	85,286	0
Miscellaneous	51,141	10,062	61,203	0
Health Insurance:				
Medical Claims	0	0	0	180,800
Insurance Premiums	0	0	0	1,726,508
Administrative Fees	0	0	0	53,418
Miscellaneous	0	0	0	18,868
Central Services:				
Telephone	0	0	0	38,164
Insurance	0	0	0	229,728
Total Operating Expenses	99,946	46,543	146,489	2,247,486
Operating Income (Loss)	(53,390)	(18,487)	(71,877)	14,501
NON-OPERATING REVENUE (EXPENSES)				
Interest Income	0	0	0	1,423
Interest Expense	(15,610)	(11,183)	(26,793)	0
Transfer from General Fund	7,500	0	7,500	0
Total Non-Operating Revenues (Expenses)	(8,110)	(11,183)	(19,293)	1,423
Net Income (Loss)	(61,500)	(29,670)	(91,170)	15,924
Net Assets Beginning of Year	1,062,255	669,067	1,731,322	329,299
Net Assets End of Year	$1,000,755	$639,397	$1,640,152	$345,223

See Notes To Financial Statements

CERRO GORDO COUNTY, IOWA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended June 30, 2008

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$33,664	$28,066	$61,730	$0
Cash Received from Grantor Agency	13,000	0	13,000	0
Cash Received from Operating Funds	0	0	0	2,190,679
Cash Received from Employees and Other	0	0	0	131,654
Cash Paid to Suppliers for Services	(50,948)	(9,449)	(60,397)	(2,244,867)
Net Cash Provided by (Used in) Operating Activities	(4,284)	18,617	14,333	77,466
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	0	0	0	1,423
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest Expense	(15,610)	(11,183)	(26,793)	0
Note Payments	(4,412)	(4,333)	(8,745)	0
Transfer from Funds	7,500	0	7,500	0
Net Cash Used in Capital and Related Financing Activities	(12,522)	(15,516)	(28,038)	0
Net Increase (Decrease) in Cash	(16,806)	3,101	(13,705)	78,889
Cash – Beginning of Year	22,255	59,014	81,269	264,650
Cash – End of Year	$5,449	$62,115	$67,564	$343,539
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating Income (Loss)	($53,390)	($18,487)	($71,877)	$14,501
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	48,805	36,481	85,286	0
Decrease in Receivables	108	10	118	60,345
Increase in Payables	193	613	806	2,620
Net Cash Provided by (Used in) Operating Activities	($4,284)	$18,617	$14,333	$77,466

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
June 30, 2008

ASSETS	
Cash and Pooled Investments:	
County Treasurer	$2,107,840
Other County Officials	269,101
Receivables:	
Property Tax:	
Delinquent	1,311
Succeeding Year	45,602,146
Accounts	8,584
Assessments	1,276,505
Due From Other Governments	185,212
Total Assets	$49,450,699
LIABILITIES	
Accounts Payable	$195,256
Salaries and Benefits Payable	12,043
Due To Other Governments	48,892,058
Trusts Payable	331,783
Compensated Absences	19,559
Total Liabilities	$49,450,699

See Notes To Financial Statements

Note 1: Summary of Significant Accounting Policies

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

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

A. REPORTING ENTITY

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

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

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

One hundred and fifty-one drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cerro Gordo County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Cerro Gordo County Auditor's office.

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

B. BASIS OF PRESENTATION

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

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

Additionally, the County reports the following proprietary funds:

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

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

Fiduciary funds are used to account for net assets and changes in net assets. The fiduciary funds of the County are considered agency funds. Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units, and/or other fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's Agency Funds consist of the following:

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

D. ASSETS, LIABILITIES AND FUND EQUITY

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments, consisting of non-negotiable certificates of deposit, are stated at cost.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded in the financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. In compliance with GASB 34, the County had included infrastructure assets acquired after June 30, 1980. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual coats in excess of the following thresholds and estimated useful lives in excess of two years.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40-50
Building improvements	20-50
Infrastructure	30-50
Equipment	2-20
Vehicles	3-10

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

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

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

Unearned revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use payable to employees. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Road Funds.

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

Net Assets – The Net Assets of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. BUDGETS AND BUDGETARY ACCOUNTING

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

Note 2: Cash and Pooled Investments

The County's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and 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 $1,000,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Note 3: Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2008, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue:	
	MH/DD Services	$814
	Empowerment	217
	Secondary Road	163
	Public Health	1,941
	Agency:	
	County Assessor	463
	City Assessor	461
	Dispute Resolution	245
Special Revenue:	Special Revenue:	
Public Health	Public Health Inspections	15,000
Total		$19,304

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

Note 4: Interfund Transfers

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

Transfer To	Transfer From	Amount
General Fund	Special Revenue	
	Mental Health	$23,151
Special Revenue	Special Revenue:	
Secondary Roads	Rural Services	1,500,000
Public Health	General Basic	1,073,675
Conservation Parks	Rural County Betterment	2,000
General Fund	Debt Service	2,000
Total		$2,600,826

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

Note 5: Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	$1,646,392	$0	$0	$1,646,392
Construction in progress	7,649,808	6,688,111	13,135,564	1,202,355
Total capital assets not being depreciated	9,296,200	6,688,111	13,135,564	2,848,747
Capital assets being depreciated:				
Buildings	4,414,089	13,135,564	0	17,549,653
Improvements other than buildings	417,751	186,009	0	603,760
Machinery and equipment	6,494,355	129,554	120,318	6,503,591
Vehicles	3,323,079	461,414	300,815	3,483,678
Infrastructure	30,688,881	86,969	0	30,775,850
Total capital assets being depreciated	45,338,155	13,999,510	421,133	58,916,532
Less accumulated depreciation for:				
Buildings	2,111,825	193,323	0	2,305,148
Improvements other than buildings	414,398	2,376	0	416,774
Machinery and equipment	4,411,148	433,580	110,534	4,734,194
Vehicles	2,252,368	266,009	274,916	2,243,461
Infrastructure, road network	12,391,995	1,142,439	0	13,534,434
Total accumulated depreciation	21,581,734	2,037,727	385,450	23,234,011
Total capital assets being depreciated, net	23,756,421	11,961,783	35,683	35,682,521
Governmental activities capital assets, net	$33,052,621	$18,649,894	$13,171,247	$38,531,268

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	$230,918
Physical health and social services	15,848
Mental health	4,220
County environment and education	42,198
Roads and transportation	1,584,724
Governmental services to residents	73,119
Administration services	86,700
Total depreciation expense – governmental activities	$2,037,727

Capital asset activity of the Enterprise Funds for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital Assets not being depreciated:				
Land	$62,300	$0	$0	$62,300
Capital Assets being depreciated:				
Infrastructure	2,706,643	0	0	2,706,643
Less accumulated depreciation for:				
Infrastructure	530,546	85,286	0	615,832
Total capital assets being depreciated, net	2,176,097	(85,286)	0	2,090,811
Business-type activities capital assets, net	$2,238,397	($85,286)	$0	$2,153,111

Note 6: Due to Other Governments

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

Fund	Description	Amount
General	Services	$10,765
Special Revenue		
Mental Health		551,862
Public Health		1,874
Total Governmental Funds		564,501
Agency	Collections	
County Special Appraisal		457,317
Schools		24,223,781
City Assessor		235,540
Corporations		18,751,229
Auto License & Use Tax		717,847
City Special Appraisal		70,616
County Assessor		465,953
E911 Operations		226,147
City Special Assessments		1,230,574
All Others		2,513,054
Total for Agency Funds		$48,892,058

Note 7: Changes in Long-Term Liabilities

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

Governmental Activities	Capital Loan Notes & General Obligation Bonds	Lease Obligations	Compensated Absences	Termination Benefits
Balance – Beginning of Year	$13,435,000	$15,393	$662,252	$18,945
Increases	0	0	699,257	0
Decreases	955,000	5,772	662,252	10,020
Balance – End of Year	$12,480,000	$9,621	$699,257	$8,925
Due within one year	$535,000	$6,278	$699,257	$5,100

	Drainage Warrants	Total
Balance – Beginning of Year	$21,418	$14,153,008
Increases	5,781	705,038
Decreases	10,742	1,643,786
Balance – End of Year	$16,457	$13,214,260
Due within one year	$0	$1,245,635

Business Type Activities	Sewer Revenue Capital Loan Notes
Balance – Beginning of Year	$595,379
Increases	0
Decreases	8,744
Balance – End of Year	$586,635
Due within one year	$9,138

Note 8: Capital Lease Purchase Agreements

The County has entered into a capital lease purchase agreement for the Administration's postage machine. The following is a schedule of the future minimum lease payments, including interest at 8.508% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2008 for Equipment:

Year Ending June 30,	Postage Machine
2009	$6,900
2010	3,450
Total Minimum Lease Payments	10,350
Less: Amount Representing Interest	729
Present Value of Net Minimum Lease Payments	$9,621

Payments under capital lease purchase agreements for year ended June 30, 2008, totaled $6,900.

Note 9: General Obligation Capital Loan Bonds and Notes

The County has issued $ 620,000 in general obligation bonds to fund the costs of construction of a sanitary sewer project. During the year ended June 30, 2006, the County issued $500,000 in General Obligation Capital Loan Notes to fund the costs of the health insurance program for County employees and officials. This obligation was paid in full during the fiscal year ended June 30, 2008. During the year ended June 30, 2007, the County issued $9,000,000 and $4,500,000 of General Obligation Capital Loan Notes for the purpose of constructing and equipping a new Law Enforcement Center. The notes are payable from a continuing annual levy of taxes on all of the taxable property in the County. Interest on each note is due annually on December 1 and principal and interest payments are due annually on June 1. Maturities of the various notes range from 2009 through 2026. Details of the outstanding bonds and notes are as follows:

	1999 $620,000 Issue		
Year Ending June 30,	Interest Rate	Principal	Interest
2009	4.75%	$75,000	$3,563

	2006B $9,000,000 Issue			2007A $4,500,000 Issue		
Year Ending June 30,	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2009	4.30%	$0	$392,248	3.60%	$460,000	$127,207
2010	4.30%	0	392,248	3.60%	475,000	110,647
2011	4.30%	0	392,247	3.65%	490,000	93,310
2012	4.30%	0	392,247	3.70%	510,000	75,181
2013	4.30%	0	392,247	3.80%	530,000	56,055
2014-2018	4.30%	2,220,000	1,849,223	3.80-3.85%	940,000	50,930
2019-2023	4.30-4.375%	3,955,000	1,154,925	-	0	0
2024-2026	4.40%	2,825,000	252,340	-	0	0
		$9,000,000	$5,217,725		$3,405,000	$513,330

Note 10: Retirement Benefits

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

At June 30, 2008, the County has obligations to three participants with a total liability of $8,925. Retirement benefits expenses for four retirees for the year ended June 30, 2008 totaled $10,020.

Note 11: Drainage Warrants/Drainage Improvement Certificates Payable

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

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

Note 12: Sewer Revenue Capital Loan Notes

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

Year Ending June 30,	Principal	Interest	Total
2009	$4,528	$10,988	$15,516
2010	4,732	10,784	15,516
2011	4,945	10,571	15,516
2012	5,169	10,347	15,516
2013	5,400	10,116	15,516
2014-2018	30,873	46,707	77,580
2019-2023	38,473	39,107	77,580
2024-2028	47,944	29,636	77,580
2029-2033	59,748	17,832	77,580
2034-2036	42,356	3,853	46,209
	$244,168	$189,941	$434,109

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

Year Ending	$59,100 Note		$253,200 Note		$49,000 Note		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$767	$2,508	$3,285	$10,745	$558	$2,158	$4,610	$15,411
2010	802	2,473	3,433	10,597	583	2,133	4,818	15,203
2011	838	2,437	3,587	10,443	609	2,107	5,034	14,987
2012	875	2,400	3,749	10,281	637	2,079	5,261	14,760
2013	915	2,360	3,917	10,113	665	2,051	5,497	14,524
2014-2018	5,229	11,146	22,395	47,755	3,804	9,775	31,428	68,676
2019-2023	6,517	9,859	27,908	42,242	4,741	8,839	39,166	60,940
2024-2028	8,121	8,254	34,779	35,371	5,908	7,672	48,808	51,297
2029-2033	10,120	6,255	43,340	26,809	7,363	6,217	60,823	39,281
2034-2038	12,611	3,764	54,011	16,140	9,175	4,405	75,797	24,309
2039-2043	8,938	813	38,375	3,495	11,434	2,146	58,747	6,454
2044	0	0	0	0	2,478	112	2,478	112
	$55,733	$52,269	$238,779	$223,991	$47,955	$49,694	$342,467	$325,954

Note 13: Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were $627,155, $574,555 and $546,455 respectively, equal to the required contributions for each year.

Note 14: Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2008 were $192,011.

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

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

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contribution.

Note 14: Risk Management (Continued)

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

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

Note 15: Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Cerro Gordo County Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of administrative fees and claims processed are paid to Group Services, Inc. from the Cerro Gordo County Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2008 was $1,891,837.

Amounts payable from the Health Insurance Fund at June 30, 2008 total $0 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was $255,389 at June 30, 2008 and is reported as a designation of the Health Insurance Fund Net Assets. Information on the reconciliation of changes in the aggregate liabilities for claims for the current year and prior year is as follows:

	Balance as of July 1	Current Year Claims	Claims Payments	Balance as of June 30
2006-2007	$282,294	0	282,294	$0
2007-2008	$0	180,800	180,800	$0

Note 16: Closure and Postclosure Care Costs

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

State and federal laws and regulations require the agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, state laws require the agency to submit a closure and postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper closure and postclosure. The agency is in compliance with this requirement. On June 30, 2008, the County did not anticipate any additional assessments for closure and postclosure care costs.

Note 17: Related Party Transactions

Business transactions between the County and County officials or employees were noted. The transactions appear to be authorized in accordance with Chapter 331.342 of the Code of Iowa because the contract totals were either under $1,500 for the fiscal year or the contracts were made upon competitive bid in writing, publicly invited and opened.

Note 18: Commitments and Contingencies

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

Note 19: Subsequent Events

On January 31, 2006, the County committed up to $1,000,000 for the financing and construction of the project "Clear Lake Dredging and Restoration". Per the resolution, the County's commitment was not to exceed $50,000 per year for twenty years. Due to the need for upfront funding, in August of 2008, the County issued $885,000 of Local Option Sales and Service Tax Revenue Bonds. $300,000 of the proceeds from the bonds were drawn in August of 2008. Advances from the remaining proceeds will be drawn as the project progresses. The County will make principal and interest payments not to exceed $50,000 in total commencing in June of 2009.

Required Supplementary Information

CERRO GORDO COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN BALANCES -- BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	Actual	Less Funds Not Required To Be Budgeted	Net
REVENUES:			
Property and Other County Tax	$15,308,353	$0	$15,308,353
Interest and Penalty on Property Tax	146,433	0	146,433
Intergovernmental	10,584,094	0	10,584,094
Licenses and Permits	414,152	0	414,152
Charges for Service	1,155,633	12,038	1,143,595
Use of Money and Property	902,907	0	902,907
Miscellaneous	921,893	15,745	906,148
Total Revenues	29,433,465	27,783	29,405,682
EXPENDITURES:			
Public Safety and Legal Services	6,229,452	0	6,229,452
Physical Health and Social Services	4,866,227	0	4,866,227
Mental Health	6,366,901	0	6,366,901
County Environment and Education	1,631,652	0	1,631,652
Roads and Transportation	4,592,016	0	4,592,016
Governmental Services to Residents	928,523	0	928,523
Administrative Services	2,466,608	0	2,466,608
Non-Program	50,342	39,784	10,558
Debt Service	1,515,657	0	1,515,657
Capital Projects	6,858,012	0	6,858,012
Total Expenditures	35,505,390	39,784	35,465,606
Deficiency of Revenues Under Expenditures	(6,071,925)	(12,001)	(6,059,924)
Other Financing Sources, Net	16,691	5,781	10,910
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(6,055,234)	(6,220)	(6,049,014)
Balance Beginning of Year	18,215,894	116,973	18,098,921
Balance End of Year	$12,160,660	$110,753	$12,049,907

See Accompanying Independent Auditors' Report.

Budgeted Amounts		Final to Net Variance - Positive (Negative)
Original	Final	
$14,860,961	$15,272,023	$36,330
140,000	140,000	6,433
11,247,268	10,820,162	(236,068)
298,450	377,000	37,152
1,164,979	1,208,358	(64,763)
703,851	874,551	28,356
686,907	792,835	113,313
29,102,416	29,484,929	(79,247)
6,514,171	6,553,683	324,231
5,012,588	5,288,514	422,287
5,965,000	6,450,000	83,099
1,344,484	1,766,635	134,983
4,997,890	5,287,890	695,874
968,039	972,039	43,516
2,358,685	2,592,315	125,707
40,500	20,500	9,942
1,515,659	1,515,659	2
4,220,000	7,270,193	412,181
32,937,016	37,717,428	2,251,822
(3,834,600)	(8,232,499)	2,172,575
10,000	10,000	910
(3,824,600)	(8,222,499)	2,173,485
12,135,058	18,099,146	(225)
$8,310,458	$9,876,647	$2,173,260

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, three budget amendments increased budgeted revenues and disbursements by $382,513 and $4,780,412 respectively. These budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2008, disbursements did not exceed the amounts budgeted.

Other Supplementary Information

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND
Year Ended June 30, 2008

REVENUES:		
Property and Other County Tax:		
Property Tax	$7,582,704	
Local Option Sales Tax	178,743	
Utility Tax Replacement Excise Tax	457,968	
Other County Tax	8,215	$8,227,630
Interest and Penalty on Property Tax		146,433
Intergovernmental:		
State Shared Revenues		16,457
State Tax Credits		289,473
State and Federal Pass-Thru Revenues:		
Child Support Recovery Incentives	409,845	
Human Services Administration Reimbursement	179,110	
Other	147,351	736,306
Contributions From Other Intergovernmental Units		747,469
State Grants and Entitlements		58,705
Licenses and Permits		16,923
Charges for Service:		
Office Fees and Collections:		
County Auditor	3,415	
County Recorder	356,426	
County Sheriff	103,147	
Auto License, Use Tax and Postage	311,027	
Miscellaneous	119,282	893,297
Use of Money and Property:		
Interest on Investments	612,749	
Miscellaneous	130,702	743,451
Miscellaneous:		
Reimbursements	205,966	
Assessments	31,752	
Miscellaneous	46,336	284,054
Total Revenues		12,160,198

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND
Year Ended June 30, 2008

EXPENDITURES:		
Operating:		
Public Safety and Legal Services		$5,934,831
Physical Health and Social Services		656,129
County Environment and Education		763,919
Governmental Services to Residents		914,679
Administration		2,426,128
Non-Program		10,558
Total Expenditures		10,706,244
Excess of Revenues Over Expenditures		1,453,954
Other Financing Sources (Uses)		
Sale of Capital Assets	10,000	
Transfers In		
Mental Health	23,151	
Debt Service	2,000	
Transfers Out		
Public Health	(1,073,675)	(1,038,524)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		415,430
Fund Balance Beginning of Year		5,142,234
Fund Balance End of Year		$5,557,664

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2008

Public Safety and Legal Services:		
Law Enforcement:		
Uniformed Patrol Services	$1,245,502	
Law Enforcement Communications	827,956	
Adult Correctional Services	1,781,145	
Administration	563,562	
	4,418,165	
Legal Services:		
Criminal Prosecution	756,701	
Medical Examinations	87,909	
Child Support Recovery	404,303	
	1,248,913	
Emergency Services:		
Emergency Management	40,931	
Assistance to District Court System:		
Physical Operations	1,978	
Research and Other Assistance	250	
	2,228	
Court Proceeding Program:		
Juries and Witnesses	18,949	
Detention Services	32,184	
Court Costs	432	
Service of Civil Papers	137,274	
	188,839	
Juvenile Justice Administration:		
Juvenile Victim Restitution	29,795	
Juvenile Representation Services	735	
Court-Appointed Attorneys and Court Costs for Juveniles	5,225	
	35,755	
Total Public Safety and Legal Services		$5,934,831

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2008

Physical Health and Social Services:		
Services to the Poor:		
Administration	$256,706	
General Welfare Services	18,652	
	275,358	
Services to Military Veterans:		
Administration	96,975	
General Services to Veterans	24,245	
	121,220	
Children's and Family Services:		
Youth Guidance	162,204	
Chemical Dependency:		
Treatment Services	53,455	
Preventive Services	43,892	
	97,347	
Total Physical Health and Social Services		$656,129
County Environment and Education:		
Conservation and Recreation Services:		
Administration	$361,220	
Maintenance and Operations	175,711	
	536,931	
Animal Control :		
Animal Shelter	7,175	
Animal Bounties and State Apiarist Expense	138	
	7,313	
County Development:		
Land Use and Building Controls	69,509	
Economic Development	150,166	
	219,675	
Total County Environment and Education		$763,919

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2008

Governmental Services to Residents:		
Representation Services:		
Elections Administration	$264,457	
Local Elections	59,275	
Township Officials	1,897	
	325,629	
State Administrative Services:		
Motor Vehicle Registrations and Licensing	309,602	
Recording of Public Documents	279,448	
	589,050	
Total Governmental Services to Residents		$914,679
Administration:		
Policy and Administration:		
General County Management	$614,106	
Administrative Management Services	393,851	
Treasury Management Services	169,693	
Other Policy and Administration	42,616	
	1,220,266	
Central Services:		
General Services	485,700	
Data Processing	585,597	
	1,071,297	
Risk Management Services:		
Safety of Workplace	118,371	
Fidelity of Public Officers	3,284	
Unemployment Compensation	12,910	
	134,565	
Total Administration		$2,426,128
Non-Program:		
Other Non-Program Current		$10,558
Total Expenditures		$10,706,244

(Concluded)

See Accompanying Independent Auditors' Report.

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CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Conservation Parks
ASSETS					
Cash and Pooled Investments	$60,691	$75,715	$4,147	$342,381	$85,779
Receivables:					
Accounts	0	2,457	0	3,107	2,846
Accrued Interest	0	68	0	461	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	15,921	8,444	0
Total Assets	$60,691	$78,240	$20,068	$354,393	$88,625
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$8,797	$13,844	$0	$651	$3,412
Salaries and Benefits Payable	0	0	0	517	1,206
Due to Other Funds	0	0	0	0	0
Unearned Revenue	0	0	0	0	0
Total Liabilities	8,797	13,844	0	1,168	4,618
Fund Balances:					
Reserved for Endowment	0	0	0	120,185	0
Reserved for Drainage Warrants	0	0	0	0	0
Reserved for Trust	0	0	0	0	0
Unreserved	51,894	64,396	20,068	233,040	84,007
Total Fund Equity	51,894	64,396	20,068	353,225	84,007
Total Liabilities and Fund Balances	$60,691	$78,240	$20,068	$354,393	$88,625

See Accompanying Independent Auditors' Report.

Rural County Betterment	Economic Development	Drainage	Public Health Inspections	Empowerment
$102,210	$148,625	$114,536	$76,957	$374,355
0	0	0	14,836	120
0	0	0	0	0
0	0	4,542	0	0
63,683	31,841	0	22,721	0
$165,893	$180,466	$119,078	$114,514	$374,475
$36,233	$0	$8,325	$9,481	$147,036
0	0	0	7,413	1,024
0	0	0	15,000	217
0	0	0	371	0
36,233	0	8,325	32,265	148,277
0	0	0	0	0
0	0	110,753	0	0
0	0	0	0	0
129,660	180,466	0	82,249	226,198
129,660	180,466	110,753	82,249	226,198
$165,893	$180,466	$119,078	$114,514	$374,475

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Jail Commissary Profits	Sheriff Forfeiture	Sheriff Tobacco	Sheriff Abandoned Vehicle
ASSETS				
Cash and Pooled Investments	$10,774	$99,022	$980	$861
Receivables:				
Accounts	953	0	0	0
Accrued Interest	0	0	0	0
Drainage Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Total Assets	$11,727	$99,022	$980	$861
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$161	$0	$0	$0
Salaries and Benefits Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	161	0	0	0
Fund Balances:				
Reserved for Endowment	0	0	0	0
Reserved for Drainage Warrants	0	0	0	0
Reserved for Trust	0	0	0	0
Unreserved	11,566	99,022	980	861
Total Fund Equity	11,566	99,022	980	861
Total Liabilities and Fund Balances	$11,727	$99,022	$980	$861

See Accompanying Independent Auditors' Report.

Sheriff DARE	Jail Phone Profits	Attorney Forfeiture	Strand Estate Trust	Conservation Land Acquisition Trust	Total
$3,194	$12,748	$21,382	$77,675	$38,727	$1,650,759
0	1,434	0	0	360	26,113
0	0	0	0	0	529
0	0	0	0	0	4,542
0	0	0	0	0	142,610
$3,194	$14,182	$21,382	$77,675	$39,087	$1,824,553
$0	$0	$0	$312	$0	$228,252
0	0	0	0	0	10,160
0	0	0	0	0	15,217
0	0	0	0	0	371
0	0	0	312	0	254,000
0	0	0	0	0	120,185
0	0	0	0	0	110,753
0	0	0	60,000	0	60,000
3,194	14,182	21,382	17,363	39,087	1,279,615
3,194	14,182	21,382	77,363	39,087	1,570,553
$3,194	$14,182	$21,382	$77,675	$39,087	$1,824,553

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Conservation Parks
REVENUES:					
Property and Other County Tax	$0	$0	$89,371	$0	$0
Intergovernmental	50,383	0	0	0	0
Licenses and Permits	0	0	0	0	0
Charges For Service	0	10,250	0	0	36,381
Use of Money and Property	821	871	0	5,217	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	0	0	0	62,162	0
Total Revenues	51,204	11,121	89,371	67,379	36,381
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	0	0	5,000	0	0
Physical Health and Social Services	0	0	53,998	0	0
County Environment and Education	64,687	0	2,500	87,743	35,593
Governmental Services to Residents	0	13,844	0	0	0
Administration	0	0	19,740	0	0
Non-Program	0	0	0	0	0
Total Expenditures	64,687	13,844	81,238	87,743	35,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,483)	(2,723)	8,133	(20,364)	788
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	0
Issuance of Drainage Warrants	0	0	0	0	0
Transfers In	0	0	0	0	2,000
Transfers Out	0	0	0	0	0
Total Other Financing Sources	0	0	0	0	2,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(13,483)	(2,723)	8,133	(20,364)	2,788
Fund Balances Beginning of Year	65,377	67,119	11,935	373,589	81,219
Fund Balances End of Year	$51,894	$64,396	$20,068	$353,225	$84,007

See Accompanying Independent Auditors' Report.

Rural County Betterment	Economic Development	Drainage	Public Health Inspections	Empowerment
$357,483	$178,742	$0	$0	$0
0	0	0	68,345	951,992
0	0	0	365,463	0
0	0	12,038	6,900	0
0	0	0	0	8,095
0	0	0	0	0
0	0	15,745	4,188	2,127
357,483	178,742	27,783	444,896	962,214
105,379	0	0	0	0
4,000	0	0	430,062	963,161
182,629	448,350	0	0	0
0	0	0	0	0
19,740	1,000	0	0	0
0	0	39,784	0	0
311,748	449,350	39,784	430,062	963,161
45,735	(270,608)	(12,001)	14,834	(947)
0	0	0	682	0
0	0	5,781	0	0
0	0	0	0	0
(2,000)	0	0	0	0
(2,000)	0	5,781	682	0
43,735	(270,608)	(6,220)	15,516	(947)
85,925	451,074	116,973	66,733	227,145
$129,660	$180,466	$110,753	$82,249	$226,198

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	Jail Commissary Profits	Sheriff Forfeiture	Sheriff Tobacco	Sheriff Abandoned Vehicle
REVENUES:				
Property and Other County Tax	$0	$0	$0	$0
Intergovernmental	0	0	550	4,800
Licenses and Permits	0	0	0	0
Charges For Service	0	0	0	0
Use of Money and Property	21,569	0	0	0
Fines, Forfeitures and Defaults	0	21,281	0	0
Miscellaneous	0	0	0	0
Total Revenues	21,569	21,281	550	4,800
EXPENDITURES:				
Operating:				
Public Safety and Legal Services	21,966	61,959	90	4,768
Physical Health and Social Services	0	0	0	0
County Environment and Education	0	0	0	0
Governmental Services to Residents	0	0	0	0
Administration	0	0	0	0
Non-Program	0	0	0	0
Total Expenditures	21,966	61,959	90	4,768
Excess (Deficiency) of Revenues Over (Under) Expenditures	(397)	(40,678)	460	32
Other Financing Sources (Uses):				
Proceeds From Sale of Capital Assets	0	0	0	0
Proceeds From Drainage Warrants	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(397)	(40,678)	460	32
Fund Balances Beginning of Year	11,963	139,700	520	829
Fund Balances End of Year	$11,566	$99,022	$980	$861

See Accompanying Independent Auditors' Report.

Sheriff DARE	Jail Phone Profits	Attorney Forfeiture	Strand Estate Grant	Conservation Land Acquisition Trust	Total
$0	$0	$0	$0	$0	$625,596
0	0	0	0	0	1,076,070
0	0	0	0	0	365,463
0	0	0	20	0	65,589
0	21,485	0	1,353	871	60,282
0	0	4,024	0	0	25,305
0	0	0	0	0	84,222
0	21,485	4,024	1,373	871	2,302,527
206	50,604	0	0	0	249,972
0	0	0	0	0	1,451,221
0	0	0	1,619	0	823,121
0	0	0	0	0	13,844
0	0	0	0	0	40,480
0	0	0	0	0	39,784
206	50,604	0	1,619	0	2,618,422
(206)	(29,119)	4,024	(246)	871	(315,895)
0	0	0	0	0	682
0	0	0	0	0	5,781
0	0	0	0	0	2,000
0	0	0	0	0	(2,000)
0	0	0	0	0	6,463
(206)	(29,119)	4,024	(246)	871	(309,432)
3,400	43,301	17,358	77,609	38,216	1,879,985
$3,194	$14,182	$21,382	$77,363	$39,087	$1,570,553

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – INTERNAL SERVICE FUNDS
June 30, 2008

	Central Services	Health Insurance	Total
ASSETS			
Cash and Pooled Investments	$88,450	$255,089	$343,539
Receivables:			
Accounts	7,057	300	7,357
Due From other Governments	23	0	23
Total Assets	$95,530	$255,389	$350,919
LIABILITIES			
Liabilities			
Accounts Payable	$5,696	$0	$5,696
Net Assets			
Unrestricted	$89,834	$255,389	$345,223

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS
Year Ended June 30, 2008

	Central Services	Health Insurance	Total
OPERATING REVENUES:			
Interfund Services Provided	$238,486	$1,891,837	$2,130,323
Payments from Employees	0	50,816	50,816
Miscellaneous	33,303	47,545	80,848
Total Operating Revenues	271,789	1,990,198	2,261,987
OPERATING EXPENSES:			
Health Insurance:			
Medical Claims Paid	0	180,800	180,800
Insurance Premiums	0	1,726,508	1,726,508
Administrative Fees	0	53,418	53,418
Miscellaneous	0	18,868	18,868
Central Services:			
Telephone	38,164	0	38,164
Insurance	229,728	0	229,728
Total Operating Expenses	267,892	1,979,594	2,247,486
Operating Income	3,897	10,604	14,501
NON-OPERATING REVENUES:			
Interest	0	1,423	1,423
Net Income	3,897	12,027	15,924
Net Assets Beginning of Year	85,937	243,362	329,299
Net Assets End of Year	$89,834	$255,389	$345,223

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS
Year Ended June 30, 2008

	Central Services	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Other Funds	$232,241	$1,958,438	$2,190,679
Cash Received from Employees & Others	33,322	98,332	131,654
Cash Payments to Suppliers for Services	(265,273)	(1,979,594)	(2,244,867)
Net Cash Provided by Operating Activities	290	77,176	77,466
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Income	0	1,423	1,423
Net Increase in Cash	290	78,599	78,889
Cash Beginning of Year	88,160	176,490	264,650
Cash End of Year	$88,450	$255,089	$343,539
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income	$3,897	$10,604	$14,501
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
(Increase) Decrease in Receivables	(6,227)	66,572	60,345
Increase in Payables	2,620	0	2,620
Net Cash Provided By Operating Activities	$290	$77,176	$77,466

See Accompanying Independent Auditors' Report.

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CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND
LIABILITIES – ALL AGENCY FUNDS
June 30, 2008

	Elected Officials	Other	Total
ASSETS			
Cash and Pooled Investments:			
County Treasurer	$0	$2,107,840	$2,107,840
Other County Officials	269,101	0	269,101
Receivables:			
Property Tax			
Delinquent	0	1,311	1,311
Succeeding Year	0	45,602,146	45,602,146
Accounts	2,310	6,274	8,584
Assessments	0	1,276,505	1,276,505
Due From Other Governments	0	185,212	185,212
Total Assets	$271,411	$49,179,288	$49,450,699
LIABILITIES			
Accounts Payable	$0	$195,256	$195,256
Salaries and Benefits Payable	0	12,043	12,043
Due to Other Governments	113	48,891,945	48,892,058
Trusts Payable	271,298	60,485	331,783
Compensated Absences	0	19,559	19,559
Total Liabilities	$271,411	$49,179,288	$49,450,699

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND
LIABILITIES – ELECTED OFFICIALS
June 30, 2008

	Board of Supervisors Conservators	Veterans Affairs	Recorder	Sheriff	Total
ASSETS					
Cash and Pooled Investments:					
Other County Officials	$62,527	$997	($2,197)	$207,774	$269,101
Receivables:					
Accounts	0	0	2,310	0	2,310
Total Assets	$62,527	$997	$113	$207,774	$271,411
LIABILITIES					
Due to Other Governments	$0	$0	$113	$0	$113
Trusts Payable	62,527	997	0	207,774	271,298
Total Liabilities	$62,527	$997	$113	$207,774	$271,411

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND
LIABILITIES – OTHER AGENCY FUNDS
June 30, 2008

	Agricultural Extension Education	County Assessor	County Special Appraisal	City Assessor
ASSETS				
Cash and Pooled Investments:				
County Treasurer	$2,416	$206,308	$219,020	$55,762
Receivables:				
Property Tax:				
Delinquent	7	15	12	3
Succeeding Year	191,127	273,378	240,131	189,235
Accounts	0	1,214	0	116
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Total Assets	$193,550	$480,915	$459,163	$245,116
LIABILITIES				
Accounts Payable	$0	$132	$318	$424
Salaries and Benefits Payable	0	4,498	1,528	3,207
Due to Other Governments	193,550	465,953	457,317	235,540
Trusts Payable	0	0	0	0
Compensated Absences	0	10,332	0	5,945
Total Liabilities	$193,550	$480,915	$459,163	$245,116

See Accompanying Independent Auditors' Report.

City Special Appraisal	Schools	Community Colleges	Corporations	Townships	City Special Assessments
$23,709	$281,977	$13,961	$196,284	$2,303	$17,019
1	836	43	358	13	0
46,906	23,940,968	1,215,554	18,554,470	202,981	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	117	0	1,213,555
0	0	0	0	0	0
$70,616	$24,223,781	$1,229,558	$18,751,229	$205,297	$1,230,574
$0	$0	$0	$0	$0	$0
0	0	0	0	0	0
70,616	24,223,781	1,229,558	18,751,229	205,297	1,230,574
0	0	0	0	0	0
0	0	0	0	0	0
$70,616	$24,223,781	$1,229,558	$18,751,229	$205,297	$1,230,574

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued)
June 30, 2008

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary	County EMS Association
ASSETS					
Cash and Pooled Investments:					
County Treasurer	$717,847	$74	$17,185	$16,567	$5,317
Receivables:					
Property Tax:					
Delinquent	0	0	0	23	0
Succeeding Year	0	6,422	0	740,974	0
Accounts	0	0	0	0	0
Assessments	0	0	0	62,833	0
Due From Other Governments	0	0	178,447	0	6,765
Total Assets	$717,847	$6,496	$195,632	$820,397	$12,082
LIABILITIES					
Accounts Payable	$0	$0	$192,260	$0	$0
Salaries and Benefits Payable	0	0	1,873	0	0
Due to Other Governments	717,847	6,496	1,499	820,397	12,082
Trusts Payable	0	0	0	0	0
Compensated Absences	0	0	0	0	0
Total Liabilities	$717,847	$6,496	$195,632	$820,397	$12,082

Advance Tax	Cash Long/Short	Dispute Resolution	E911 Operations	Advanced Law Enforcement Investigative and Administrative System	Recorder's Transfer Fee	Employee Benefits	Total
$55,167	$859	$40,421	$228,147	$1,377	$802	$5,318	$2,107,840
0	0	0	0	0	0	0	1,311
0	0	0	0	0	0	0	45,602,146
0	0	4,146	0	0	798	0	6,274
0	0	0	0	0	0	0	1,276,505
0	0	0	0	0	0	0	185,212
$55,167	$859	$44,567	$228,147	$1,377	$1,600	$5,318	$49,179,288
$0	$0	$122	$2,000	$0	$0	$0	$195,256
0	0	937	0	0	0	0	12,043
0	859	40,226	226,147	1,377	1,600	0	48,891,945
55,167	0	0	0	0	0	5,318	60,485
0	0	3,282	0	0	0	0	19,559
$55,167	$859	$44,567	$228,147	$1,377	$1,600	$5,318	$49,179,288

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year Ended June 30, 2008

	Elected Officials			
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and Pooled Investments:				
Other County Officials	$203,574	$2,568,509	$2,502,982	$269,101
Receivables:				
Accounts	732	2,310	732	2,310
Total Assets	$204,306	$2,570,819	$2,503,714	$271,411
LIABILITIES				
Due to Other Governments	$101	$2,299,521	$2,299,509	$113
Trusts Payable	204,205	271,298	204,205	271,298
Total Liabilities	$204,306	$2,570,819	$2,503,714	$271,411

	Other Agency Funds			
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and Pooled Investments:				
County Treasurer	$2,790,172	$12,080,709	$12,763,041	$2,107,840
Receivables:				
Property Tax:				
Delinquent	1,543	1,311	1,543	1,311
Succeeding Year	43,515,049	45,602,146	43,515,049	45,602,146
Accounts	4,961	6,274	4,961	6,274
Interest	0	0	0	0
Due From Other Governments	1,314,705	1,276,505	1,314,705	1,276,505
Assessments	126,226	185,212	126,226	185,212
Total Assets	$47,752,656	$59,152,157	$57,725,525	$49,179,288
LIABILITIES				
Accounts Payable	$151,127	$195,256	$151,127	$195,256
Salaries and Benefits Payable	9,875	12,043	9,875	12,043
Due to Other Governments	47,526,294	58,864,814	57,499,163	48,891,945
Trusts Payable	45,666	60,485	45,666	60,485
Compensated Absences	19,694	19,559	19,694	19,559
Total Liabilities	$47,752,656	$59,152,157	$57,725,525	$49,179,288

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS
Year Ended June 30, 2008

	Board of Supervisors Conservators	Veterans Affairs	Auditor	Recorder	Sheriff	Total
ASSETS AND LIABILITIES						
Balance Beginning of Year	$62,268	$995	$0	$101	$140,942	$204,306
Additions:						
Office Fees and Collections	0	0	3,415	774,939	1,126,174	1,904,528
Trusts	379,184	2	0	0	287,105	666,291
Total Additions	379,184	2	3,415	774,939	1,413,279	2,570,819
Deductions:						
Agency Remittances:						
To County Funds	0	0	3,415	356,426	103,147	462,988
To Other Governments	0	0	0	418,007	627	418,634
Trusts Paid Out	378,925	0	0	494	1,242,673	1,622,092
Total Deductions	378,925	0	3,415	774,927	1,346,447	2,503,714
Balance End of Year	$62,527	$997	$0	$113	$207,774	$271,411

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS
Year Ended June 30, 2008

	Agricultural Extension Education	County Assessor	County Special Appraisal	City Assessor
ASSETS AND LIABILITIES				
Balance Beginning of Year	$201,617	$428,163	$366,867	$230,528
Additions:				
Property and Other County Tax	192,568	283,267	246,518	184,855
E911 Surcharge	0	0	0	0
State Tax Credits	7,228	9,342	6,035	6,722
Auto Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	0	0	0	0
Miscellaneous	0	7,265	0	4,620
Total Additions	199,796	299,874	252,553	196,197
Deductions:				
Agency Remittances:				
To Other Governments	207,863	247,122	160,257	181,609
Trusts Paid Out	0	0	0	0
Total Deductions	207,863	247,122	160,257	181,609
Balance End of Year	$193,550	$480,915	$459,163	$245,116

See Accompanying Independent Auditors' Report.

City Special Appraisal	Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax
$139,938	$23,442,510	$1,164,681	$17,579,932	$200,631	$1,262,458	$832,676
46,425	24,056,488	1,223,893	18,124,121	209,524	0	0
0	0	0	0	0	0	0
740	856,159	41,776	538,260	8,505	0	0
0	0	0	0	0	0	9,331,770
0	0	0	5,828	0	288,673	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
47,165	24,912,647	1,265,669	18,668,209	218,029	288,673	9,331,770
116,487	24,131,376	1,200,792	17,496,912	213,363	320,557	9,446,599
0	0	0	0	0	0	0
116,487	24,131,376	1,200,792	17,496,912	213,363	320,557	9,446,599
$70,616	$24,223,781	$1,229,558	$18,751,229	$205,297	$1,230,574	$717,847

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued)
Year Ended June 30, 2008

	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary	County EMS Association	Advance Tax
ASSETS AND LIABILITIES					
Balance Beginning of Year	$6,186	$171,343	$820,410	$7,229	$40,977
Additions:					
Property and Other County Tax	16,217	0	723,675	0	0
E911 Surcharge	0	0	0	0	0
State Tax Credits	222	0	17,041	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	0	60,048	0	0
Trusts	0	0	0	0	14,190
Miscellaneous	0	1,247,234	0	17,286	0
Total Additions	16,439	1,247,234	800,764	17,286	14,190
Deductions:					
Agency Remittances:					
To Other Governments	16,129	1,222,945	800,777	12,433	0
Trusts Paid Out	0	0	0	0	0
Total Deductions	16,129	1,222,945	800,777	12,433	0
Balance End of Year	$6,496	$195,632	$820,397	$12,082	$55,167

Cash Long/Short	Tax Sale Redemption	Dispute Resolution	E911 Operations	Advanced Law Enforcement Investigative and Administrative System	Recorder's Transfer Fee	Pass-Through Projects	Employee Benefits	Total
$777	$0	$38,615	$804,377	$2,333	$2,016	$3,703	$4,689	$47,752,656
0	0	0	0	0	0	0	0	45,307,551
0	0	0	180,665	0	0	0	0	180,665
0	0	0	0	0	0	0	0	1,492,030
0	0	0	0	0	0	0	0	9,331,770
0	0	0	0	0	0	0	0	354,549
0	686,137	0	0	0	0	56,627	160,288	917,242
82	0	57,732	179,015	44,850	10,266	0	0	1,568,350
82	686,137	57,732	359,680	44,850	10,266	56,627	160,288	59,152,157
0	0	51,780	935,910	45,806	10,682	0	0	56,819,399
0	686,137	0	0	0	0	60,330	159,659	906,126
0	686,137	51,780	935,910	45,806	10,682	60,330	159,659	57,725,525
$859	$0	$44,567	$228,147	$1,377	$1,600	$0	$5,318	$49,179,288

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE
Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Disposals	**Balance June 30, 2008**
ASSETS				
Land	$ 1,646,392	$ -	$ -	**$ 1,646,392**
Construction in Process	7,649,808	6,688,111	13,135,564	**1,202,355**
Buildings and Structures	4,414,089	13,135,564	-	**17,549,653**
Improvements other than Buildings	417,751	186,009	-	**603,760**
Machinery and Equipment	6,494,355	129,554	120,318	**6,503,591**
Licensed Vehicles	3,323,079	461,414	300,815	**3,483,678**
Infrastructure	30,688,881	86,969	-	**30,775,850**
	$ 54,634,355	$ 20,687,621	$ 13,556,697	**$ 61,765,279**
FUNDING SOURCE				
General Fund	$ 6,012,524	$ 184,478	$ 86,655	**$ 6,110,347**
Special Revenue Funds	39,512,919	1,881,822	334,478	**41,060,263**
Capital Project Fund	9,108,912	18,621,321	13,135,564	**14,594,669**
	$ 54,634,355	$ 20,687,621	$ 13,556,697	**$ 61,765,279**

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
AS OF JUNE 30, 2008

	Land	Construction in Process	Buildings and Structures
Public Safety and Legal Services			
Law Enforcement	$ -	-	13,746,495
Legal Services	-	-	-
Total Public Safety and Legal Services	-	-	13,746,495
Physical Health and Social Services:			
Physical Health Services	-	-	-
Services to Poor	-	-	-
Services to Military Veterans	-	-	-
Total Physical Health and Social Services	-	-	-
Mental Health:			
Persons with Chronic Mental Illness	-	-	-
Total Mental Health	-	-	-
County Environment and Education:			
Environmental Quality Program	-	-	-
Conservation and Recreation Services	150,798	-	490,292
County Development	-	-	-
Total County Environment and Education	150,798	-	490,292
Roads and Transportation:			
Secondary Roads Administration and Engineering	-	-	325,259
Roadway Maintenance	-	1,202,355	-
General Roadway Expenditures	-	-	229,970
Total Roads and Transportation	-	1,202,355	555,229
State and Local Government Services:			
Representation Services	-	-	
State Administration Services		-	
Total State and Local Government Services	-	-	-
Interprogram Services:			
Policy and Administration		-	439,330
Central Services	1,495,594	-	2,318,307
Total Interprogram Services	1,495,594	-	2,757,637
Total Capital Assets	**$ 1,646,392**	**1,202,355**	**$ 17,549,653**

Improvements other than Buildings	Machinery and Equipment	Licensed Vehicles	Infrastructure	Total
35,379	444,011	525,356	-	$ 14,751,241
-	34,237	-	-	34,237
35,379	478,248	525,356	-	14,785,478
-	163,708	46,098	-	209,806
-	6,371	-	-	6,371
-	-	-	-	-
-	170,079	46,098	-	216,177
-	14,310	22,313	-	36,623
-	14,310	22,313	-	36,623
-	-	-	-	-
132,939	243,051	229,188	-	1,246,268
-	5,157	10,641	-	15,798
132,939	248,208	239,829	-	1,262,066
31,151	85,295	51,827	-	493,532
-	76,024	135,288	30,775,850	32,189,517
-	4,411,684	2,462,967	-	7,104,621
31,151	4,573,003	2,650,082	30,775,850	39,787,670
-	390,599		-	390,599
	48,907		-	48,907
-	439,506	-	-	439,506
	60,406	-	-	499,736
404,291	519,831	-	-	4,738,023
404,291	580,237	-	-	5,237,759
603,760	$ 6,503,591	$ 3,483,678	$ 30,775,850	61,765,279

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	**Balance June 30, 2008**
Public Safety and Legal Services				
Law Enforcement	$ 9,183,056	$ 18,801,510	$ 13,233,325	$ **14,751,241**
Legal Services	34,237	-	-	**34,237**
Total Public Safety and Legal Services	9,217,293	18,801,510	13,233,325	**14,785,478**
Physical Health and Social Services:				
Physical Health Services	306,643	14,030	110,867	**209,806**
Services to Poor	6,371	-	-	**6,371**
Services to Military Veterans	-	-	-	**-**
Total Physical Health and Social Services	313,014	14,030	110,867	**216,177**
Mental Health:				
Persons with Chronic Mental Illness	36,623	-	-	**36,623**
Total Mental Health	36,623	-	-	**36,623**
County Environment and Education:				
Environmental Quality Program	-	-	-	**-**
Conservation and Recreation Services	1,153,945	138,847	46,524	**1,246,268**
County Development	15,798	-	-	**15,798**
Total County Environment and Education	1,169,743	138,847	46,524	**1,262,066**
Roads and Transportation:				
Secondary Roads Administration and Engineering	493,532	-	-	**493,532**
Roadway Maintenance	30,872,743	1,316,774	-	**32,189,517**
General Roadway Expenditures	6,950,075	313,439	158,893	**7,104,621**
Total Roads and Transportation	38,316,350	1,630,213	158,893	**39,787,670**
Government Services to Residents:				
Representation Services	390,599	-	-	**390,599**
State Administration Services	48,907	-	-	**48,907**
Total Government Services to Residents	439,506	-	-	**439,506**
Administration:				
Policy and Administration	494,578	5,158	-	**499,736**
Central Services	4,647,248	97,863	7,088	**4,738,023**
Total Administration	5,141,826	103,021	7,088	**5,237,759**
Total Capital Assets	**$ 54,634,355**	**$ 20,687,621**	**$ 13,556,697**	**61,765,279**

CERRO GORDO COUNTY, IOWA

STATISTICAL SECTION
June 30, 2008

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	81-90
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	91-100
Debt Capacity These schedules present information to help the readers assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	101-105
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	106-107
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	108-113

CERRO GORDO COUNTY, IOWA

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

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

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

Source: County Records

Fiscal Year			
2005	2006	2007	2008
$ 13,727,858	$ 19,084,939	$ 25,918,908	$ 26,166,841
3,083,406	5,369,094	7,059,287	6,552,918
3,600,840	2,972,174	4,705,865	5,609,581
$ 20,412,104	$ 27,426,207	$ 37,684,060	$ 38,329,340
$ 1,748,701	$ 1,765,188	$ 1,971,672	$ 1,910,172
-	-	-	-
132,894	49,236	(240,350)	(270,020)
$ 1,881,595	$ 1,814,424	$ 1,731,322	$ 1,640,152
$ 15,476,559	$ 20,850,127	$ 27,890,580	$ 28,077,013
3,083,406	5,369,094	7,059,287	6,552,918
3,733,734	3,021,410	4,465,515	5,339,561
$ 22,293,699	$ 29,240,631	$ 39,415,382	$ 39,969,492

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year 2003	Fiscal Year 2004
Expenses:		
Government activities:		
Public safety and legal services	$ 4,308,699	$ 4,431,064
Physical health and social services	3,683,099	4,107,546
Mental health	5,003,380	5,221,710
County environment and education	888,743	1,296,647
Roads and transportation	3,633,925	4,704,427
Government services to residents	751,404	674,627
Administration or general government	1,970,255	2,671,926
Non-program	341,615	146,647
Interest on long-term debt	29,262	22,388
Capital projects	398,312	-
Total governmental activities expenses	21,008,694	23,276,982
Business-type activities:		
Wastewater collection and treatment	71,877	126,426
Total government expenses	$ 21,080,571	$ 23,403,408
Program Revenues:		
Government activities:		
Charges for services:		
Public safety and legal services	$ 432,584	$ 399,983
Physical health and social services	691,980	726,481
Mental health	410,470	37,978
County environment and education	75,748	169,280
Roads and Transportation	90,634	450,070
Government services to residents	753,603	782,932
Administration or general government	94,347	170,474
Non-program	559,631	81,831
Capital Projects	480,535	49,799
Operating grants and contributions	6,266,218	8,903,694
Capital grants and contributions	792,603	-
Total governmental activities	10,648,353	11,772,522
Business-type activities:		
Charges for services:		
Wastewater collection and treatment	368,340	151,408
Total business-type activities	368,340	151,408
Total government program	$ 11,016,693	$ 11,923,930

Fiscal Year			
2005	2006	2007	2008
$ 4,590,463	$ 4,827,135	$ 5,598,566	$ 6,549,905
4,104,085	4,274,119	4,730,060	4,884,946
5,225,350	5,617,449	5,851,088	6,373,624
923,060	1,291,161	1,128,411	1,536,823
5,591,263	4,996,566	6,085,524	5,944,155
804,185	892,862	895,995	998,437
2,050,532	2,441,271	2,227,192	2,448,491
1,063,732	319,240	266,798	172,344
37,859	37,976	604,169	557,654
-	-	-	-
24,390,529	24,697,779	27,387,803	29,466,379
248,320	137,422	144,092	165,782
$ 24,638,849	$ 24,835,201	$ 27,531,895	$ 29,632,161
$ 544,358	$ 556,195	$ 457,988	$ 900,473
698,391	510,549	500,140	579,215
56,119	514,799	52,699	586,315
161,248	82,626	78,750	63,167
661,816	547,931	100,061	23,057
687,499	676,740	677,734	721,702
107,919	269,375	257,804	232,344
331,394	468,310	87,828	89,556
-	-	-	-
9,275,378	9,019,060	10,668,131	8,755,036
2,445,455	5,216,480	850,690	611,123
14,969,577	17,862,065	13,731,825	12,561,988
160,923	70,251	60,990	74,612
160,923	70,251	60,990	74,612
$ 15,130,500	$ 17,932,316	$ 13,792,815	$ 12,636,600

(Continued)

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year	
	2003	2004
Net (Expense)/Revenue:		
Governmental activities	$ (10,360,341)	$ (11,504,460)
Business-type activities	296,463	24,982
Total government net expense	$ (10,063,878)	$ (11,479,478)
General Revenues and Other Changes in Net Assets:		
Governmental activities		
Property and other county tax levied for:		
General purposes	$ 8,551,715	$ 8,788,746
Debt service	170,744	-
Penalty and interest on property tax	117,361	106,704
State tax credits, unrestricted	965,074	399,747
Local option sales and service tax	1,454,813	1,769,845
Unrestricted grants and contributions	23,202	198,621
Unrestricted investment earnings	278,751	142,318
Loss on Disposal of Capital Assets	-	-
Miscellaneous	283,284	298,337
Total governmental activities	11,844,944	11,704,318
Business-type activities:		
Wastewater collection and treatment	12,353	-
Total business-type activities	$ 12,353	$ -
Total government	$ 11,857,297	$ 11,704,318
Changes in Net Assets:		
Governmental activities	$ 1,484,603	$ 199,858
Business-type activities	308,816	24,982
Total government program	$ 1,793,419	$ 224,840

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

Source: County Records

Fiscal Year			
2005	2006	2007	2008
$ (9,420,952)	$ (6,835,714)	$ (13,655,978)	$ (16,904,391)
(87,397)	(67,171)	(83,102)	(91,170)
$ (9,508,349)	$ (6,902,885)	$ (13,739,080)	$ (16,995,561)
$ 9,443,597	$ 11,129,894	$ 11,789,658	$ 12,116,096
374,667	571,714	1,465,976	1,396,144
126,247	139,522	130,746	146,433
422,743	483,123	498,856	483,910
1,228,557	1,411,660	1,520,121	1,787,415
45,959	68,051	-	-
275,773	533,762	1,141,111	718,515
-	-	(18,897)	(24,774)
302,349	848,945	358,647	925,932
12,219,892	15,186,671	16,886,218	17,549,671
-	-	-	-
$ -	$ -	$ -	$ -
$ 12,219,892	$ 15,186,671	$ 16,886,218	$ 17,549,671
$ 2,798,940	$ 8,350,957	$ 3,230,240	$ 645,280
(87,397)	(67,171)	(83,102)	(91,170)
$ 2,711,543	$ 8,283,786	$ 3,147,138	$ 554,110

(Concluded)

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year			
	1999	2000	2001	2002
General Fund				
Reserved	$ 429,937	$ 397,769	$ 362,931	$ -
Unreserved	3,391,500	3,952,844	4,177,714	4,752,314
Total General Fund	$ 3,821,437	$ 4,350,613	$ 4,540,645	$ 4,752,314
All Other Governmental Funds				
Reserved for:				
Debt Service	$ 6,593	$ 64,037	$ 58,733	$ 93,479
Inventories, endowment & other	993,870	1,069,904	1,074,354	1,225,885
Unreserved, reported in:				
Special revenue funds	2,472,055	2,662,857	2,513,650	2,876,136
Capital Project funds	797,142	554,879	74,047	32,138
Total all other governmental funds	$ 4,269,660	$ 4,351,677	$ 3,720,784	$ 4,227,638

Source: County Records

Fiscal Year					
2003	2004	2005	2006	2007	2008
$ -	$ -	$ -	$ -	$ -	$ -
4,035,231	3,298,960	3,060,094	4,088,421	5,142,234	5,557,664
$ 4,035,231	$ 3,298,960	$ 3,060,094	$ 4,088,421	$ 5,142,234	$ 5,557,664
$ 78,070	$ 75,186	$ 56,281	$ 91,890	$ 65,005	$ 35,312
1,228,790	1,217,766	890,990	1,543,517	1,335,305	1,711,875
3,786,949	3,908,195	3,624,846	4,340,613	5,583,371	4,384,929
35,713	884,846	507,822	(588,497)	6,089,979	470,880
$ 5,129,522	$ 6,085,993	$ 5,079,939	$ 5,387,523	$ 13,073,660	$ 6,602,996

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year			
	1999	2000	2001	2002
Revenues:				
Property and Other County Tax	$ 9,085,059	$ 9,681,668	$ 9,963,952	$ 9,928,084
Interest and Penalty on Property Tax	150,527	109,952	113,886	128,449
Intergovernmental	6,898,244	7,531,032	7,642,241	8,150,270
Licenses and Permits	23,438	16,856	25,682	17,870
Charges for Services	1,193,928	1,168,535	1,232,560	1,607,381
Use of Money and Property	526,936	681,312	713,248	411,350
Miscellaneous	861,608	647,514	786,479	681,393
Total Revenues	18,739,740	19,836,869	20,478,048	20,924,797
Expenditures:				
Public safety and legal services	2,939,989	3,278,743	3,644,249	3,838,927
Physical health and social services	2,699,479	2,843,920	3,038,370	3,494,239
Mental health	5,016,103	5,007,406	5,263,698	4,790,348
County environment and education	655,901	534,156	580,585	592,431
Roads and transportation	3,630,491	3,546,455	4,328,377	4,577,949
Government services to residents	577,648	589,493	612,996	754,305
Administration	1,620,502	1,625,355	1,652,354	1,626,570
Non-program	69,611	88,137	34,299	31,871
Debt service				
Interest	23,655	70,583	72,871	44,763
Principal	115,000	465,000	590,000	295,000
Capital projects	2,161,535	1,966,240	1,230,675	611,437
Total Expenditures	19,509,914	20,015,488	21,048,474	20,657,840
Excess of revenues over (under) expenditures	(770,174)	(178,619)	(570,426)	266,957
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	9,360	56,937	106,699	126,375
Transfers in	1,830,061	1,743,499	2,345,026	2,334,764
Transfers out	(1,830,061)	(1,743,499)	(2,345,026)	(2,227,594)
Proceeds from drainage warrants	13,459	91,619	25,007	33,964
Proceeds from capital lease purchase agreement	-	-	-	21,483
General obligation notes issued	1,217,951	505,067	-	-
Capital lease purchase agreement	-	-	-	-
Discount on general obligation notes	-	-	-	-
Total other financing sources (uses)	1,240,770	653,623	131,706	288,992
Net change in fund balances	$ 470,596	$ 475,004	$ (438,720)	$ 555,949
Debt service as % of noncapital expenditures	0.80%	2.97%	3.34%	1.69%

Source: County Records

Fiscal Year					
2003	2004	2005	2006	2007	2008
$ 10,152,625	$ 10,570,374	$ 11,061,423	$ 13,118,367	$ 14,782,265	$ 15,308,353
110,045	118,295	126,247	139,522	130,746	146,433
9,214,984	9,722,154	12,701,807	11,191,640	11,356,056	10,584,094
255,666	270,476	297,721	324,776	327,967	414,152
1,537,166	1,292,565	1,228,309	1,205,710	1,132,140	1,155,633
274,923	228,181	374,870	637,056	1,246,172	902,907
863,485	1,215,451	950,043	1,203,546	867,131	921,893
22,408,894	23,417,496	26,740,420	27,820,617	29,842,477	29,433,465
4,222,779	4,251,143	4,541,026	4,808,056	5,565,965	6,229,452
3,615,357	3,913,976	4,006,819	4,251,999	4,725,534	4,866,227
5,003,304	5,198,915	5,209,344	5,611,348	5,861,602	6,366,901
855,482	921,991	880,494	1,235,315	1,112,434	1,631,652
4,496,519	4,551,633	4,885,745	5,111,457	4,513,467	4,972,994
729,694	742,415	803,724	827,433	830,775	928,523
1,719,801	1,902,524	1,841,707	1,872,576	2,157,767	2,466,608
296,741	207,694	354,230	169,026	72,906	50,342
				-	-
30,192	18,738	37,012	640,000	1,160,000	955,000
235,000	60,000	425,000	33,630	435,718	560,657
1,605,101	2,281,067	5,027,808	3,267,852	7,893,520	6,858,012
22,809,970	24,050,096	28,012,909	27,828,692	34,329,688	35,886,368
(401,076)	(632,600)	(1,272,489)	(8,075)	(4,487,211)	(6,452,903)
150	8,000	11,400	204,378	21,910	10,910
1,953,484	2,158,917	2,095,971	2,372,050	2,461,511	2,600,826
(2,140,837)	(2,241,321)	(2,001,214)	(2,372,050)	(2,461,511)	(2,600,826)
1,659	16,543	10,340	24,554	7,199	5,781
-	-	-	24,394	-	-
-	1,109,907	200,000	500,000	13,500,000	-
600,986	-	-	-	-	-
-	-	(1,320)	(5,473)	(123,514)	-
415,442	1,052,046	315,177	747,853	13,405,595	16,691
$ 14,366	$ 419,446	$ (957,312)	$ 739,778	$ 8,918,384	$ (6,436,212)
1.25%	0.36%	2.01%	2.74%	6.04%	5.22%

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year	
	2003	2004
Government activities:		
Public safety and legal services	$ 859,858	$ 871,914
Physical health and social services	2,296,479	2,541,021
Mental health	2,689,083	3,073,718
County environment and education	167,089	246,775
Roads and Transportation	2,561,946	3,815,417
Government services to residents	778,594	782,932
Administration or general government	135,347	171,105
Non-program	679,422	91,847
Capital Projects	480,535	177,793
Total Governmental activities program revenues	10,648,353	11,772,522
Business-type activities:		
Wastewater collection and treatment	368,340	151,408
Total business-type activities program revenues	368,340	151,408
Total government program	$ 11,016,693	$ 11,923,930

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

Source: County Records

Fiscal Year			
2005	2006	2007	2008
$ 993,783	$ 1,005,372	$ 1,537,752	$ 1,480,436
2,713,092	2,972,838	3,210,734	3,025,728
3,303,908	2,962,403	3,758,706	3,248,590
212,211	132,769	149,244	114,371
6,342,834	9,247,719	4,027,815	3,646,140
916,099	754,886	697,549	724,823
107,919	317,768	258,451	232,344
379,731	468,310	91,574	89,556
-	-	-	-
14,969,577	17,862,065	13,731,825	12,561,988
160,923	70,251	60,990	74,612
160,923	70,251	60,990	74,612
$ 15,130,500	$ 17,932,316	$ 13,792,815	$ 12,636,600

CERRO GORDO COUNTY, IOWA

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

	Assessed Value and Actual Value of Taxable Property			
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property
1999	$ 1,135,541,943	$ 255,651,531	$ 98,659,687	$ 256,668,664
2000	1,175,861,095	256,647,793	87,096,328	251,185,732
2001	1,285,141,613	273,058,047	92,477,845	279,884,960
2002	1,378,362,141	278,148,059	94,723,846	276,298,362
2003	1,446,224,242	330,952,120	103,694,495	277,587,342
2004	1,497,415,171	352,973,493	104,854,672	281,099,208
2005	1,611,741,386	377,229,604	107,330,489	244,175,206
2006	1,669,700,033	387,968,624	108,897,495	243,226,460
2007	1,847,067,126	406,188,967	115,663,644	243,061,267
2008	1,931,601,558	415,706,118	118,533,891	245,007,595

	Taxable Value of Property			
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property
1999	$ 623,212,570	$ 230,131,680	$ 93,408,796	$ 247,481,495
2000	663,364,554	256,647,793	87,096,328	251,183,880
2001	703,980,195	269,078,877	92,477,845	269,635,865
2002	774,485,219	278,148,059	94,723,846	276,298,362
2003	746,690,164	322,364,729	103,694,495	277,587,342
2004	768,799,470	352,973,493	104,854,672	281,099,208
2005	778,583,429	373,980,577	107,330,489	244,175,206
2006	796,987,659	387,968,624	108,897,495	243,226,460
2007	841,230,630	402,277,964	115,663,644	243,061,267
2008	871,747,220	415,706,118	118,533,891	245,007,595

Source: Cerro Gordo County Auditor's Office

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

Assessed Value and Actual Value of Taxable Property

TIF Increment	(2) Other Property	Total Assessed Taxable Property	Less: Military Tax-Exempt Property	Net Assessed Taxable Property
$ 37,527,231	$ 184,024,929	$ 1,968,073,985	$ 7,612,384	$ 1,960,461,601
64,944,208	177,120,383	2,012,855,539	7,474,493	2,005,381,046
63,173,024	171,880,167	2,165,615,656	7,359,848	2,158,255,808
66,247,060	166,587,656	2,260,367,124	7,231,164	2,253,135,960
63,909,159	159,002,012	2,381,369,370	7,108,709	2,374,260,661
63,650,574	155,758,848	2,455,751,966	6,968,150	2,448,783,816
71,183,983	152,267,639	2,563,928,307	6,860,915	2,557,067,392
75,170,736	355,470,345	2,840,433,693	6,721,097	2,833,712,596
84,837,300	557,830,644	3,254,648,948	6,725,715	3,247,923,233
83,605,174	557,706,923	3,352,161,259	6,674,947	3,345,486,312

Taxable Value of Property

TIF Increment	(2) Other Property	Total Taxable Property	Less: Military Tax-Exempt Property	Net Taxable Property	(3) Total Direct Tax Rate Urban
$ 65,462,038	$ 178,241,777	$ 1,437,938,356	$ 7,612,384	$ 1,430,325,972	4.94
64,944,208	177,120,383	1,500,357,146	7,472,641	1,492,884,505	5.16
63,173,024	171,708,214	1,570,054,020	7,359,848	1,562,694,172	5.14
66,247,060	166,587,656	1,656,490,202	7,231,164	1,649,259,038	4.70
63,909,159	158,644,547	1,672,890,436	7,108,709	1,665,781,727	4.70
63,650,574	155,758,848	1,727,136,265	6,968,150	1,720,168,115	4.59
71,183,983	137,128,009	1,712,381,693	6,860,915	1,705,520,778	5.28
75,170,736	149,339,489	1,761,590,463	6,721,097	1,754,869,366	6.20
84,837,300	185,780,708	1,872,851,513	6,725,715	1,866,125,798	6.59
83,605,174	167,798,894	1,902,398,892	6,674,947	1,895,723,945	6.59

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year Taxes are Payable			
	1999	2000	2001	2002
County Direct Rates:				
General Basic	3.22	3.30	3.30	3.15
General Supplemental	-	-	-	-
MH/DD Service	1.67	1.60	1.52	1.44
Debt Service	0.04	0.26	0.32	0.11
Total Urban County Rate	4.94	5.16	5.14	4.70
Rural Basic	3.58	3.49	3.32	3.13
Total Rural County Rate	8.52	8.64	8.46	7.83
City and Town Rates:				
Mason City	10.43	10.08	10.12	10.10
Clear Lake	8.33	8.11	8.11	7.83
Dougherty	13.87	14.25	13.64	14.78
Meservey	7.89	7.99	8.10	8.10
Plymouth	1.51	1.93	2.43	2.97
Rock Falls	6.63	6.57	6.55	6.55
Rockwell	8.10	8.10	8.10	8.10
Swaledale	26.34	25.08	20.31	20.92
Thornton	10.40	10.26	10.36	10.39
Ventura	8.22	8.68	7.40	6.22
Nora Springs	14.79	14.43	13.19	11.92
Township Rates:				
Bath	0.50	0.50	0.47	0.47
Clear Lake	0.36	0.32	0.31	0.28
Dougherty	0.31	0.31	0.29	0.31
Falls	0.54	0.54	0.54	0.54
Geneseo	0.45	0.45	0.44	0.42
Grant	0.40	0.45	0.43	0.42
Gimes	0.76	0.71	0.71	0.81
Lake	0.25	0.24	0.23	0.23
Lime Creek	0.41	0.41	0.41	0.41
Lincoln	0.33	0.33	0.31	0.31
Mason	0.61	0.41	0.41	0.41
Mount Vernon	0.30	0.30	0.24	0.24
Owen	0.53	0.53	0.52	0.50
Pleasant Valley	0.46	0.45	0.43	0.40
Portland	0.35	0.34	0.33	0.32
Union	0.30	0.31	0.31	0.31

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2003	2004	2005	2006	2007	2008
3.17	3.21	3.50	3.50	3.50	3.50
-	-	0.15	1.00	1.00	1.08
1.43	1.38	1.40	1.36	1.28	1.26
0.11	-	0.23	0.34	0.81	0.76
4.70	4.59	5.28	6.20	6.59	6.59
3.13	3.13	3.42	3.51	3.51	3.51
7.83	7.73	8.69	9.71	10.11	10.11
10.25	10.47	10.55	11.64	12.26	12.67
8.23	8.41	8.98	9.36	10.05	10.05
14.86	14.53	16.65	17.24	17.77	18.20
9.75	9.79	9.86	9.83	9.81	9.80
3.15	3.40	1.22	5.34	5.55	8.92
6.74	6.74	6.84	6.84	6.50	6.50
8.10	8.10	8.10	8.10	8.10	8.10
19.52	17.95	16.64	16.64	16.15	16.61
10.47	10.46	12.83	12.71	12.09	12.77
6.52	7.34	7.41	7.26	3.00	7.73
11.14	13.26	12.16	12.12	11.22	13.23
0.47	0.47	0.54	0.54	0.54	0.54
0.28	0.26	0.33	0.29	0.28	0.27
0.31	0.31	0.35	0.35	0.35	0.35
0.54	0.53	0.59	0.62	0.62	0.62
0.42	0.41	0.47	0.47	0.47	0.46
0.42	0.41	0.50	0.50	0.50	0.51
0.79	0.73	0.82	0.82	0.76	0.78
0.22	0.20	0.27	0.18	0.10	0.12
0.40	0.41	0.42	0.42	0.41	0.41
0.31	0.30	0.38	0.39	0.39	0.39
0.41	0.41	0.41	0.41	0.41	0.41
0.23	0.42	0.49	0.47	0.47	0.48
0.50	0.50	0.63	0.63	0.63	0.63
0.40	0.47	0.51	0.51	0.51	0.51
0.32	0.31	0.34	0.38	0.38	0.41
0.28	0.24	0.28	0.28	0.24	0.25

(Continued)

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year Taxes are Payable			
	1999	2000	2001	2002
School District Rates:				
Clear Lake	13.84	13.22	13.34	12.86
Forest City	16.76	16.07	15.92	15.87
Mason City	15.88	14.94	14.50	14.39
Meservey-Thornton	9.93	9.74	10.77	10.19
Nora Springs-Rock Falls	15.21	14.53	14.68	14.73
North Central	13.44	13.99	13.44	13.03
Rockwell-Swaledale	10.58	11.09	10.81	10.76
Rudd-Rockford-Marble Rock	13.16	12.98	13.03	12.90
Sheffield-Chapin	13.76	13.37	13.10	12.79
Ventura	11.29	11.60	11.62	11.56
Other Taxing Authority Rates:				
County Assessor	0.43	0.42	0.48	0.47
City Assessor	0.25	0.28	0.31	0.29
North Iowa Area Community College	0.51	0.54	0.53	0.52
Ag. Extension	0.11	0.11	0.11	0.11
State	0.01	0.01	0.01	0.05
Clear Lake Sanitary Sewer	1.82	1.82	1.81	1.81
Falls - Rock Falls Cemetery	0.07	0.07	0.07	0.07
Benefited Lighting District	0.23	0.23	0.23	-

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2003	2004	2005	2006	2007	2008
12.94	12.83	13.45	12.64	11.89	11.90
15.73	14.77	14.97	15.36	14.56	14.64
15.11	13.65	14.12	14.72	14.10	14.08
9.83	9.02	10.85	11.63	10.05	10.27
16.16	16.27	16.86	16.74	16.62	16.75
14.34	13.97	14.82	14.37	13.31	14.20
11.68	11.90	13.80	13.55	13.74	14.37
13.17	13.17	15.19	15.96	15.79	15.79
12.94	12.90	14.50	14.23	14.25	12.59
11.58	11.72	10.97	10.99	10.40	10.10
0.40	0.40	0.41	0.40	0.41	0.49
0.24	0.23	0.21	0.22	0.20	0.23
0.60	0.61	0.63	0.62	0.62	0.66
0.11	0.11	0.12	0.12	0.11	0.11
0.00	0.00	0.00	0.00	0.00	0.00
1.76	1.70	1.67	1.67	1.67	1.66
0.07	0.07	0.07	0.07	0.07	0.07
-	-	-	-	-	-

(Concluded)

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year 2008			Fiscal Year 1999		
	Net Taxable Value	Rank	Percent of Total Taxable Value	Net Taxable Value	Rank	Percent of Total Taxable Value
Interstate Power Company	$ 91,559,784	1	4.83%	$ 66,050,560	1	4.62%
Golden Grain Energy LLC	30,794,075	2				
Lehigh Portland Cement Co	19,691,489	3	1.04%	28,443,715	2	1.99%
Ag Processing Inc	19,646,772	4				
Union Pacific	17,267,788	5	0.91%	-	-	-
Holcim (US) Inc	15,541,846	6	0.82%	25,832,090	3	1.81%
AADG Inc (Curries Company)	14,872,021	7	0.78%	6,119,943	10	0.43%
Five Star Cooperative	14,368,199	8	0.76%			
Hawkeye Power Partners LLC	12,788,301	9	0.67%	-	-	-
Northern Border Pipeline Co	12,088,108	10	0.64%			-
General Foods Corporation	-	-	-	19,226,919	4	1.34%
US West/Northwestern Bell	-	-	-	13,573,712	5	0.95%
Mall Associates LLC	-			11,491,987	6	0.80%
CAG Subsidary (Con Agra)	-	-	-	11,352,360	7	0.79%
Principal Mutual Life	-	-	-	7,788,847	8	0.54%
Clear Lake Independent Telephone Company	-	-	-	7,326,000	9	0.51%
	$ 248,618,383		10.45%	$ 197,206,133		13.79%

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

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

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

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections in Subsequent Years	Property Taxes Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	$ 38,974,766	$ 38,912,357	99.84%	$ 69,769	$ 38,982,126	100.02%
2000	39,957,583	39,870,744	99.78%	7,310	39,878,054	99.80%
2001	39,666,372	39,603,479	99.84%	8,684	39,612,163	99.86%
2002	42,976,436	42,543,086	98.99%	18,382	42,561,468	99.03%
2003	44,383,926	44,169,153	99.52%	8,059	44,177,212	99.53%
2004	44,544,314	42,566,151	95.56%	144,700	42,710,851	95.88%
2005	47,203,216	45,252,976	95.87%	24,111	45,277,087	95.92%
2006	51,164,802	49,185,934	96.13%	-3,149	49,182,785	96.13%
2007	54,025,405	52,028,179	96.30%	16,638	52,044,817	96.33%
2008	55,911,709	53,942,250	96.48%	36,357	53,978,607	96.54%

Total tax collections solely for Cerro Gordo County were:

Fiscal Year	Amount
1999	$7,830,349
2000	$8,433,188
2001	$8,311,186
2002	$9,016,960
2003	$9,175,330
2004	$9,194,534
2005	$10,259,896
2006	$11,607,154
2007	$12,752,868
2008	$13,075,127

Source: Cerro Gordo County Treasurer's Office

CERRO GORDO COUNTY, IOWA

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

	Governmental Activities			Business-Type Activities			
Fiscal Year	General Obligation Bonds	Capital Loan Notes	Capital Lease Purchases	Sewer Revenue Capital Loan Notes	Total Government	Percentage of Personal Income (1)	Per Capita (1)
1999	$ 620,000	$ 860,000	$ 91,501	$ 277,084	$ 1,848,585	0.16%	$ 40.05
2000	570,000	950,000	26,285	274,038	1,820,323	0.16%	39.86
2001	860,000	70,000	17,087	270,855	1,217,942	0.10%	26.22
2002	635,000	-	25,596	312,300	972,896	0.08%	21.32
2003	400,000	400,000	477,468	576,348	1,853,816	0.15%	40.89
2004	340,000	1,120,000	325,408	569,463	2,354,871	0.18%	52.19
2005	280,000	955,000	165,886	611,268	2,012,154	0.14%	44.69
2006	215,000	880,000	20,698	603,750	1,719,448	0.12%	38.35
2007	145,000	13,290,000	15,393	595,379	14,045,772	0.95%	316.46
2008	75,000	12,405,000	9,621	586,635	13,076,256	*	297.08

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

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

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

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	General Bonded Debt Outstanding: Total	Percentage Net Taxable Value of Property (1)	Per Capita (2)
1999	$ 1,480,000	$ 1,480,000	0.10%	$ 32.06
2000	1,520,000	1,520,000	0.10%	33.28
2001	930,000	930,000	0.06%	20.02
2002	635,000	635,000	0.04%	13.91
2003	400,000	400,000	0.02%	8.82
2004	1,460,000	1,460,000	0.08%	32.36
2005	1,235,000	1,235,000	0.07%	27.43
2006	1,095,000	1,095,000	0.06%	24.42
2007	13,435,000	13,435,000	0.72%	302.70
2008	12,480,000	12,480,000	0.66%	283.53

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

Source: Cerro Gordo County Auditor's Office

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CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2008
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	$ 12,480,000	100.00%	$ 12,480,000
City debt:			
Clear Lake	5,870,000	100.00%	5,870,000
Mason City	19,257,801	100.00%	19,257,801
Nora Springs	1,007,000	6.18%	62,197
Thornton	275,000	100.00%	275,000
Ventura	155,000	100.00%	155,000
Total City debt			$ 25,619,998
School Districts:			
Clear Lake	$ 9,800,000	100.00%	$ 9,800,000
Forest City	2,495,000	3.43%	85,640
Mason City	17,445,000	100.00%	17,445,000
Nora Springs-Rock Falls	435,000	45.79%	199,180
North Central	2,550,000	27.09%	690,801
Rockwell-Swaledale	1,505,000	100.00%	1,505,000
Rudd-Rockford-Marble Rock	12,000	7.19%	862
Sheffield-Chapin	1,535,000	21.65%	332,323
Ventura	125,000	74.25%	92,811
Total School District debt			$ 30,151,616
Other Districts:			
Clear Lake Sanitary District	$ 4,310,000	100.00%	$ 4,310,000
North Iowa Area Community College	1,915,000	38.70%	741,065
Total Other District debt			$ 5,051,065
Subtotal, overlapping debt			$ 60,822,679
Total direct and overlapping debt			$ 73,302,679

Source: Cities and school districts within Cerro Gordo County

CERRO GORDO COUNTY, IOWA

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	1999	2000	2001	2002
Debt Limit, 5% of Assessed Value	98,023,080	100,269,052	107,912,790	112,656,798
Total net debt applicable to limit	1,480,000	1,520,000	930,000	635,000
Legal Debt Margin	$ 96,543,080	$ 98,749,052	$ 106,982,790	$ 112,021,798
Total net debt applicable to the limit as a percentage of debt limit	1.51%	1.52%	0.86%	0.56%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	$	3,345,486,312
Debt Limit (5% of assessed value)		167,274,316
Debt applicable to limit:		
General obligation bonds		75,000
General obligation capital loan notes		12,405,000
Capital leases		9,621
Total net debt applicable to limit		12,489,621
Legal debt margin	$	154,784,695

2003	2004	2005	2006	2007	2008
118,713,033	122,439,191	127,853,370	141,685,630	162,396,162	167,274,316
400,000	1,460,000	1,235,000	1,115,698	13,450,393	12,489,621
118,313,033	$ 120,979,191	$ 126,618,370	$ 140,569,932	$ 148,945,769	$ 154,784,695
0.34%	1.19%	0.97%	0.79%	8.28%	7.47%

CERRO GORDO COUNTY, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Year	Population (1)	Personal Income (000's) (2)	Per Capita Personal Income (2)	Farm Proprietors (2)	School Enrollment (3)	Unemployment Rate (4)
1998	46,159	$ 1,139,081	$ 24,262	823	7,886	2.70%
1999	45,669	1,156,285	24,793	810	7,894	2.59%
2000	46,447	1,216,807	26,261	804	7,769	3.10%
2001	45,638	1,226,329	26,816	775	7,764	3.40%
2002	45,339	1,265,315	27,910	776	7,475	4.10%
2003	45,118	1,298,375	28,749	752	7,444	4.20%
2004	45,029	1,393,010	31,514	746	7,183	4.60%
2005	44,836	1,431,405	31,879	748	6,962	4.70%
2006	44,384	1,484,822	32,628	742	6,974	3.90%
2007	44,016	*	33,623	*	6,661	4.50%

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

CERRO GORDO COUNTY, IOWA

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

	2008			1999		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Mercy Medical Center North Iowa	2,594	1	9.98%	500-999	1	2.93%
Curries Graham	1,265	2	4.87%	500-999	2	2.93%
Mason City Community School District	583	3	2.24%	-	-	-
Opportunity Village	556	4	2.14%	250-499	5	1.46%
Principal Financial Group	528	5	2.03%	500-999	3	2.93%
Hy-Vee Food Stores	475	6	1.83%	250-499	4	1.46%
Woodharbor Molding & Millwork Inc.	400	7	1.54%	250-499	8	1.46%
City of Mason City	325	8	1.25%	-	-	-
Kraft Foods	275	9	1.06%	-	-	-
Larson Manufacturing Co. of South Dakota	261	10	1.00%	-	-	-
Armour Food Co.	-	-	-	250-499	10	1.46%
IMI Cornelius	-	-	-	250-499	6	1.46%
Cole Sewell Corporation	-	-	-	250-499	7	1.46%
Good Shepherd Geriatrics Center	-	-	-	250-499	9	1.46%
	$ 7,262		27.94%	$ 3,250 - 6,490		19.04%

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

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

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year			
Function/Program	1999	2000	2001	2002
Public Safety and Legal Services:				
Sheriff	35.00	44.00	50.00	50.00
Attorney	11.00	11.00	11.00	11.00
Child Support Recovery	5.00	6.00	6.00	7.00
Physical Health and Social Services:				
Health Department	49.00	46.00	44.00	46.00
General Relief	1.25	1.25	1.25	1.25
Veteran Affairs	1.75	1.75	1.75	1.75
Mental Health:				
CPC	1.00	1.00	1.00	1.00
Case Management	6.00	6.00	5.00	6.00
County Environment and Education:				
Conservation	6.00	6.00	6.50	6.50
Planning and Zoning:	0.50	0.50	0.50	0.50
Roads and Transportation:				
Engineer	42.00	41.00	39.00	41.00
Roadsides	3.00	3.00	3.00	3.00
Governmental Services to Residents:				
Treasurer, motor vehicles	4.55	4.20	5.20	6.60
Recorder	5.00	5.00	5.00	5.00
Auditor, elections	1.50	2.50	2.50	3.00
Administration:				
Board of Supervisors	3.00	3.00	3.00	3.00
Auditor	7.50	5.50	5.50	5.50
Treasurer, tax	3.45	3.80	3.80	2.40
MIS	6.00	6.00	7.00	7.00
Courthouse Maintenance	2.50	2.50	2.50	2.50
Safety	0.50	0.50	0.50	0.50
Personnel	0.50	0.50	0.50	0.50
Total	196	201	205	211

Source: County Records

Fiscal Year					
2003	2004	2005	2006	2007	2008
54.00	53.00	53.00	51.00	61.00	71.00
11.00	11.00	11.00	10.00	11.00	11.00
7.00	7.00	7.00	7.00	7.00	7.00
51.00	49.00	49.00	49.00	51.00	49.00
1.25	1.25	1.35	1.35	1.35	1.35
1.75	1.75	1.65	1.65	1.65	1.65
1.00	1.50	1.50	1.50	1.50	1.50
7.00	7.00	9.00	10.00	9.00	9.00
6.50	6.50	6.50	6.00	6.00	6.00
0.50	1.00	1.00	1.00	1.00	1.00
42.00	43.00	43.00	43.00	40.00	40.00
3.00	3.00	3.00	3.00	3.00	3.00
6.60	6.60	6.60	6.60	6.60	6.60
5.00	5.00	5.00	5.00	5.00	5.00
2.50	3.00	3.00	3.00	3.00	3.00
3.00	3.50	3.50	3.50	3.50	3.50
5.50	5.50	5.50	5.50	6.50	6.50
2.40	2.40	2.40	2.40	2.40	2.40
7.00	6.00	7.00	7.00	7.00	6.00
2.50	2.50	2.50	2.50	2.50	2.50
0.50	0.50	0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50	0.50	0.50
222	221	224	221	231	238

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year			
Function/Program	1999	2000	2001	2002
Public Safety and Legal Services:				
Sheriff:				
Weapon permits issued	263	281	275	328
Number of Jail bookings	2,141	2,270	2,504	2,767
Civil Papers Served	5,213	5,311	5,483	5,457
Service Calls	5,422	6,142	5,786	6,543
Number of Arrests	262	361	389	551
Citations and Warnings issued	1,805	2,463	2,211	2,558
Attorney:				
Number cases filed:				
Felony	267	270	374	450
Indictable Misdemeanor	1,628	1,327	1,249	1,258
Juvenile	172	199	180	212
Physical Health and Social Services:				
Health Department:				
Number of immunizations	7,437	6,247	6,738	5,685
Number nursing clients	436	544	541	411
Number nursing visits	7,502	6,020	5,677	5,714
Number Home care aide clients	246	231	261	247
Number Home care aide service hours	13,973	13,889	13,984	14,133
Number of food inspections	2,527	3,422	3,147	3,105
Mental Health:				
CPC: Persons served	797	817	884	934
County Environment and Education:				
Conservation:				
Number of camper nights	3,396	3,057	2,973	3,306
Conservation programs presented	186	184	272	257
People attending programs	9,838	9,145	11,336	9,023
Planning and Zoning:				
Zoning Permits issued	123	133	105	130
Board of Adjustment cases	38	55	42	54
Roads and Transportation:				
Engineer: Miles maintained	953	948	948	946
Governmental Services to Residents:				
Treasurer: Titles issued	16,955	15,990	16,270	17,726
Recorder: Documents recorded	13,144	12,385	10,294	12,739
Auditor:				
Registered voters	30,910	30,401	31,574	30,783
Absentee ballots requested	5,277	2,323	6,506	6,113

Source: County Records

Fiscal Year					
2003	2004	2005	2006	2007	2008
291	285	304	320	338	343
3,015	3,111	2,864	3,361	3,652	3,497
5,541	5,593	4,972	4,304	4,289	4,068
6,667	7,098	5,419	5,568	5,519	5,151
521	530	412	434	1,005	344
3,549	4,272	4,742	4,008	4,507	4,354
432	455	432	412	404	347
1,339	1,252	1,347	1,294	1,225	1,229
219	233	229	265	177	215
5,393	6,578	3,834	5,036	5,685	6,255
435	370	352	372	354	314
5,503	5,864	5,844	5,854	5,968	5,516
341	259	238	222	247	223
16,431	13,858	14,573	13,879	13,206	12,176
2,815	2,469	2,572	2,305	3,067	2,998
1,003	1,019	1,055	1,300	1,380	1,322
4,753	4,285	4,715	3,800	4,097	4,583
213	271	218	252	297	273
10,819	11,225	9,102	9,156	9,985	9,295
135	145	126	122	105	153
51	32	39	37	37	36
945	965	970	970	970	970
17,071	17,012	17,186	17,142	19,917	13,704
14,054	16,437	12,807	11,664	11,026	10,806
31,350	31,290	33,239	32,171	31,470	32,089
7,032	3,064	9,505	1,992	5,370	3,067

CERRO GORDO COUNTY, IOWA

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

	Fiscal Year			
Function/Program	1999	2000	2001	2002
Public Safety and Legal Services:				
Sheriff:				
Number of vehicles	16	17	18	20
Physical Health and Social Services:				
Health Department:				
Number of vehicles	5	5	6	6
County Environment and Education:				
Conservation:				
Number of park areas	28	28	29	29
Total acres managed	2,892	2,892	2,962	2,962
Number of vehicles	15	15	15	15
Roads and Transportation:				
Engineer:				
Number of vehicles	22	20	21	20
Number of buildings	6	6	6	6
Governmental Services to Residents:				
Auditor, elections:				
Number of voting machines	1	1	2	2

Source: Various County Departments.

Fiscal Year					
2003	2004	2005	2006	2007	2008
21	22	21	22	24	26
7	7	8	9	8	8
30	30	30	30	30	30
3,024	3,024	3,024	3,024	3,024	3,024
15	15	15	15	15	15
21	21	22	23	23	23
6	6	6	6	6	6
2	32	29	59	59	59

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CERRO GORDO COUNTY, IOWA

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

		Modified Accrual Basis			
		2008	2007	2006	2005
Revenues:					
Property and other County Tax	$	15,308,353	14,782,265	13,118,367	11,061,423
Interest and Penalty on property tax		146,433	130,746	139,522	126,247
Intergovernmental		10,584,094	11,356,056	11,191,640	12,701,807
Licenses and permits		414,152	327,967	324,776	297,721
Charges for services		1,155,633	1,132,140	1,205,710	1,228,309
Use of money and property		902,907	1,246,172	637,056	374,870
Fines, forfeitures, and defaults		25,305	31,316	61,612	-
Miscellaneous		896,588	835,815	1,141,934	950,043
Total	$	29,433,465	29,842,477	27,820,617	26,740,420
Expenditures:					
Operating:					
Public safety and legal services	$	6,229,452	5,565,965	4,808,056	4,541,026
Physical health and social services		4,866,227	4,725,534	4,251,999	4,006,819
Mental Health		6,366,901	5,861,602	5,611,348	5,209,344
County environment and education		1,631,652	1,112,434	1,203,407	880,494
Roads and transportation		4,972,994	4,513,467	5,111,457	4,885,745
Governmental services to residents		928,523	830,775	827,433	803,724
Administrative services		2,466,608	2,157,767	1,872,576	1,841,707
Non-program		50,342	72,906	169,026	354,230
Debt service		1,515,657	1,595,718	673,630	462,012
Capital projects		6,858,012	7,893,520	3,299,760	5,027,808
Total	$	35,886,368	34,329,688	27,828,692	28,012,909

See Accompanying Independent Auditors' Report.

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Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Cerro Gordo County, Iowa as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 4, 2008. These financial statements are the responsibility of Cerro Gordo County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cerro Gordo County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, which is also the responsibility of the County's management, is required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. It is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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

December 4, 2008

Gardiner Thomsen, P.C.

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct			
U.S. Environmental Protection Agency			
Surveys, Studies and Investigations-Grants and Cooperative Agreements	66.436	X7-98755801	56,627
Childhood Lead Reduction	66.716	X8-98784001	49,982
Total Direct			106,609
Indirect:			
U.S. Department of Agriculture			
Iowa Department of Human Services			
Human Services Administrative Reimbursements			
State Administrative Matching Grants for Food Stamp Program	10.561		28,063
U.S. Department of Justice			
Iowa Department of Justice			
STOP Violence Against Women	16.588	VW-08-44	31,930
STOP Violence Against Women	16.588	VW-08-66	899
			32,829
Bulletproof Vest Program	16.607		2,034
Iowa Office of Drug Control Policy			
Byrne-Justice Assistance Grant	16.738	07JAG/C06-A18	87,805
National Highway Traffic Safety Administration			
Iowa Department of Public Safety			
Traffic Safety Bureau			
State and Community Highway Safety Program	20.600	PAP-07-03, Task 05	3,916
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons Program	20.605	PAP-08-410, Task 12	3,615
U.S. Department of Health and Human Services			
Iowa Department of Elder Affairs			
Retired Area Agency on Aging			
Special Programs for the Aging –Title III			
Part B – Medication Management	93.044		6,297
Part B - Homemaker	93.044		21,071
			27,368
Special Programs for the Aging –Title III			
Part D – Grants for Supportive Services and Senior Centers	93.043		19,500

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Iowa Department of Public Health			
Childhood Lead Poisoning Prevention Program	93.197e	5888L09	812
Immunization Action Plan	93.268	5887I410/5888I414	30,612
Breast & Cervical Cancer Prevention	93.283	5888NB07	56,758
Wisewoman Cardiovascular Study	93.283	5887WW05	1700
			58,458
HIV Counseling, Testing & Referral	93.940	5887AP04/5888AP04	3,877
HIV Counseling, Testing & Referral	93.911	5887AP04/5888AP04	3,877
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Temporary Assistance to Needy Families	93.558		30,435
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596		7,292
Foster Care Title IV-E	93.658		17,507
Adoption Assistance	93.659		4,174
Medical Assistance Program	93.778		38,754
Expansion Title XXI	93.767		254
Social Services Block Grant	93.667		19,969
Social Services Block Grant	93.667		184,465
			204,434
U.S. Department of Homeland Security			
Iowa Homeland Security & Emergency Management Division			
Public Assistance	97.036	DR-1763	255,501
Emergency Management Performance Grant	97.042		25,110
Citizens Corps Program	97.053	2005-GE-T5-0056	3,897
Homeland Security Grant Program	97.067	2005-GE-T5-0056	235,029
Homeland Security Grant Program	97.067	2006-GE-T6-0065-012	160,388
Homeland Security Grant Program	97.067	2006-GE-T6-0065-007	707,838
			1,103,255
Total Indirect			1,993,379
Total			2,099,988

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

See accompanying independent auditors' report.

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Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 4, 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 Cerro Gordo County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Cerro Gordo County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cerro Gordo County's internal control over financial reporting.

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

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

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

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

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Compliance and Other Matters

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

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

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

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

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

December 4, 2008

Gardiner Thomson, P.C.

Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Cerro Gordo County
Mason City, Iowa

Compliance

We have audited the compliance of Cerro Gordo County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Cerro Gordo County's major federal programs are identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Cerro Gordo County's management. Our responsibility is to express an opinion on Cerro Gordo County's compliance based on our audit.

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

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

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal

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program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

December 4, 2008

Gardiner Thomsen, P.C.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part I: Summary of the Independent Auditors' Results:

a. Unqualified opinions were issued on the financial statements.

b. Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.

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

d. An unqualified opinion was issued on compliance with requirements applicable to the major program.

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

f. The major program is as follows:

- CFDA Number 97.067 – Homeland Security Grant Program

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

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

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-08 **Segregation of Duties**—During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

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

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

Conclusion—Response accepted.

II-B-08 **Credit Card Policy**—Several departments have credit cards for use by various employees while on County business. The County does have a written policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges. However, it was noted that supporting documentation was not always available to support credit card charges.

Recommendation—All claims for payment for credit card purchases should be supported by detailed invoices before payment.

Response—The County's credit card policy was approved after October, 2007, due an issue with detailed receipts not being submitted with claims for payment for credit cards purchases.

Conclusion—Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 **Certified Budget** – Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted in any function.

IV-B-08 **Questionable Disbursements** – Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

Paid To	Purpose	Amount
Pamela Ricke, Dispatch Supervisor	Food for Dispatchers	$42

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments, If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – We will document public purpose in the future.

Conclusion – Response accepted.

IV-C-08 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

IV-D-08 **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction	Amount
Penny Bakehouse, Public Health Department, John is spouse	Janitorial Service	$18,898
Tracy Siemers, Auditor's office, Steve is spouse	Snow removal and Trailer Rental	935
Myra Karsjens, Auditor's office, Dale is spouse	Election Runner	1,440
Kenneth Kline, Auditor, Shielah and Willis Handt, In laws	Election Workers	105
Deb Perzynski, MIS, Felicia is daughter	Computer support	1,065

The transactions with John Bakehouse appear to be authorized in accordance with Chapter 331.342 of the Code of Iowa, since the contract was made upon competitive bid, in writing, publicly invited and opened. The transactions with Steve Seimers, Dale Karsjens, Shielah and Willis Handt and Felicia Perzinski do not appear to represent conflicts of interest since total transactions were less than $1,500 during the fiscal year.

IV-E-08 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.

IV-F-08 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-08 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's Investment Policy were noted.

IV-H-08 **Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-08 **Economic Development** – During the year ended June 30, 2008, the County paid $449,350 for Economic Development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.

IV-J-08 **Grant Activity** – The County complied with grant regulations; no violations were noted.

IV-K-08 **County Extension Office** – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations. Disbursements for the County Extension Office during the year ended June 30, 2008, did not exceed the amount budgeted.

Cerro Gordo County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2008

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation
III-3-07	Financial Reporting	Corrected	

Cerro Gordo County

CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS

Year Ended June 30, 2008

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone #	Anticipated Date of Completion