

**COUNTY OF LINN, IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**PREPARED BY OFFICE OF FINANCE AND BUDGET**

COUNTY OF LINN, IOWA

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JUNE 30, 2008

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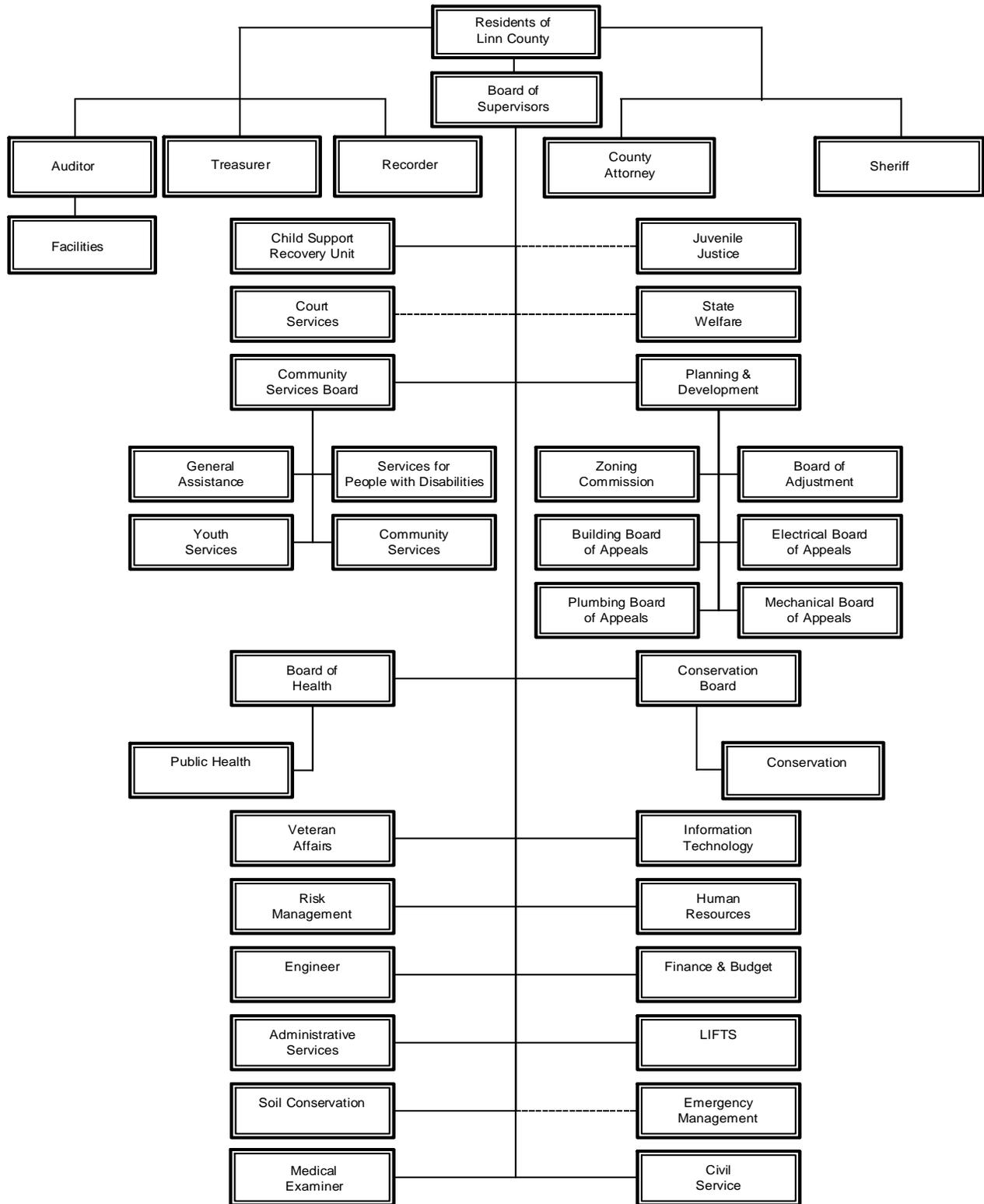
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COUNTY OF LINN, IOWA

COUNTY OFFICIALS

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<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Lu Barron	Board of Supervisors	2008
James Houser	Board of Supervisors	2008
Linda Langston	Board of Supervisors	2008
Harold Denton	Attorney	2010
Joel Miller	Auditor	2008
Joan McCalmant	Recorder	2010
Donald Zeller	Sheriff	2008
Michael Stevenson	Treasurer	2010





Finance & Budget  
Linn County, Iowa

Steve Tucker, CPA – Finance Director  
Dawn Jindrich, CPA – Budget Director  
Joi Bergman – Grants and Communications Manager

Administrative Office Building  
930 First Street Southwest  
Cedar Rapids, Iowa 52404-2161

March 5, 2009

Board of Supervisors and Citizens  
County of Linn, Iowa

The Comprehensive Annual Financial Report (CAFR) for the County of Linn, 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.

Eide Bailly LLP, a firm of licensed certified public accountants, has audited the County's financial statements. 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 concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2008 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.

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## **PROFILE OF LINN COUNTY**

The County was organized on June 10, 1839. It currently is operated under a three-member Board of Supervisors. The members are elected at large to four-year terms. The Board is the legislative body of the County, which annually adopts a budget and establishes tax rates to support County programs. Other elected officials (Attorney, Auditor, Recorder, Sheriff and Treasurer) and appointed department heads have the responsibility of administering these programs in accordance with the policies and the annual budget adopted by the Board of Supervisors.

The County provides a full range of services to its citizens including public safety, social services, services to people with disabilities, parks, planning and development, public health and general administrative services. In addition, the County provides a secondary roads department and an information technology department utilized by other governmental entities.

The State of Iowa requires the adoption of an annual budget for total County operating expenditures by function area. Activities of the general fund, special revenue funds, debt service fund and capital projects fund are included in the annual appropriated budget, prepared on a cash basis. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total function level.

As demonstrated by the statements included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

Linn County is the second largest population center in the state of Iowa. The adjoining metropolitan areas of Cedar Rapids, Marion, Hiawatha, and Robins include approximately 80% of the County's population, with the remainder living in small towns and rural areas. The fiscal year 2008 population of Linn County is estimated at 207,696 – an increase of 1.7 percent from 2007. The local unemployment rate rose to 4.5 percent at the end of fiscal year 2008, compared to 3.6 percent in the prior year. The national average was 7.2 percent at the end of fiscal year 2008.

In June of the past year, record flooding damaged 5,390 homes, 1,049 businesses and 18 industries as the Cedar River destroyed neighborhoods in a 10 square mile area that included downtown businesses in Cedar Rapids. National media focused on Cedar Rapids as flood waters rivaling those of Hurricane Katrina in New Orleans sent thousands to emergency shelters with many of those displaced by the flood still living in Federal Emergency Management Agency (FEMA) trailers six months after the flood. About 70% of affected Cedar Rapids businesses have reopened although 250 jobs were lost as Norwood Souvenir and Swiss Valley Farms both announced they would not reopen in Cedar Rapids. Fortunately, Penford Products, Quaker Oats, Smulekoff's and Guranty Bank & Trust reopened for business just a few months after floodwaters subsided.

At the same time area residents were struggling to recover from the epic flooding in June, effects of the national recession began to surface in the local economy. By the end of 2008, several companies announced plans to lay off workers as the slowing economy took its toll on local manufacturers. PMX, a manufacturer of copper and copper products reduced its work force in an effort to become more efficient. The company supplies metal to customers including the U.S. Mint and electrical equipment manufacturers.

A layoff at Clipper Windpower's Cedar Rapids turbine works sent dozens home due to slowing market conditions. The layoff affected about 90 of the company's 830 employees worldwide. Production had begun to slow in September, shortly after the financial markets began to fall. Market conditions were affected by wind developers in accessing tax equity and project debt financing.

Rockwell Collins, a Cedar Rapids based manufacturer of aviation electronics announced workforce cuts of 300 regular employees and 100 contract employees in November. Another 500 regular and 100 contract employees lost their jobs by the end of February. The company is also freezing new hiring and eliminating merit raises for existing employees. While the economic downturn has reduced all air travel, it has been especially difficult for commercial jet manufacturers and their suppliers.

The national economy and a corporate reorganization prompted additional layoffs at Yellowbook in Cedar Rapids. About 200 employees or 20 percent of the local work force in Cedar Rapids will lose their jobs either immediately or over the next 14 months. Yellowbook employs just over 1,000 at its C Street location. The affected employees work in production, listings, collections and other support functions. The company had previously furloughed approximately 100 Cedar Rapids employees in November.

#### Long-Term Financial Planning

Following the June flooding and subsequent damage to 10 of the County's 14 buildings, alternatives for the future location of county offices are being discussed. The courthouse was reoccupied in September and plans are to move inmates back into the jail in April of 2009. The administrative office building will also be reoccupied in the future, following the evaluation of remodeling alternatives to meet the space needs that were a problem prior to the flood. The vocational training building, Options of Linn County, will be relocated according to FEMA guidelines. Other buildings are still being evaluated at this time, with many departments still housed in temporary facilities. While FEMA proceeds will be used to repair these buildings, additional funds will almost certainly be required to complete the projects. Additional funding will come from general obligation bond proceeds.

The Cedar Rapids/Linn County Solid Waste Agency permanently closed landfill site #1 two years ago, with all solid waste transported to site #2, the former Linn County landfill, for disposal. Site #1 was reopened in June of 2008 to accept flood debris from Cedar Rapids. The agency currently plans to reclose that site in September 2009. New cells are being added at site #2, extending the estimated life of that site by another 20 to 30 years. The first of the new cells has been in use since August of 2008. Another cell will be ready for use in August 2009. Board members will continue exploring new technological advances in solid waste disposal to avoid the necessity of siting another landfill in 20 years. The Solid Waste Agency's Board is comprised of five members from the Cedar Rapids City Council, the city's solid waste director, two of the Linn County Board of Supervisors, and a member from an "at-large" member community.

#### Cash Management

Idle funds during the fiscal year were invested in those investments authorized by law and included federal securities and interest-bearing bank accounts. Income from investments, generally allocated to the general fund as permitted under state law, was \$1,815,000, a decrease of \$1,142,000 from the previous fiscal year. The average yield on investments was 2.14 percent.

#### Risk Management

The County's health and dental, worker's compensation, and tort liability insurance are included in the internal service funds. Unemployment compensation is included in the general fund. The County is self-insured for health and dental, unemployment compensation, worker's compensation and tort liability. The County maintains a number of risk management programs under the direction of the County's Risk Manager. Various risk control techniques include educational programs for employees to prevent accidents, cardio-pulmonary resuscitation training and defensive driving classes conducted throughout the fiscal year.

Self-insurance for the health and dental program is in effect up to an aggregate annual stop loss of 100 percent for pure premiums or approximately \$9.0 million. Additionally, there is a stop loss of \$125,000 per individual. A private insurance company maintains coverage for losses in excess of the stop loss amount. An independent claims administrator performs all claims administration. Unemployment compensation is charged quarterly to the applicable funds. The State assesses the County based on actual claims paid. No stop loss policies are maintained for worker's compensation and tort liability risk exposures.

## 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 the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the 19<sup>th</sup> consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal 2009. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communication device. Preparation of the Comprehensive Annual Financial Report could not have been accomplished without the services of the entire staff of the Office of Finance and Budget. The excellent services provided by the County's independent auditors, Eide Bailly LLP, is greatly appreciated. We would also like to thank the Board of Supervisors for their leadership and support without which preparation of this report would not have been possible.

Respectfully submitted,

Steve Tucker  
Finance Director

Dawn Jindrich  
Budget Director





CPAs & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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To the Officials of the County of Linn, 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 the County of Linn, 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 County officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report, under separate cover, dated March 5, 2009, on our consideration of the County's internal control over financial reporting and on 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.

The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the County of Linn, Iowa. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Linn, Iowa. The combining nonmajor fund financial statements have 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

*Eide Sully LLP*

Dubuque, Iowa  
March 5, 2009

## Management's Discussion and Analysis

As management of the County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages 5 – 8 of this report.

### Financial Highlights

- The assets of the County exceeded the liabilities at the close of the most recent fiscal year by \$97,922,897 (net assets). Of this amount, \$12,195,759 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors
- The County's total net assets decreased by \$7,110,230
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$14,655,703, a decrease of \$10,314,346 in comparison with the prior year
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,170,751, or 9 percent of total general fund expenditures
- Total general obligation bonded debt decreased by \$1,145,000 (49 percent) during the current fiscal year

### Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type*) activities. The government activities of the County include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents and administration. Options of Linn County is the sole business-type activity of the County.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the mental health fund and the secondary roads fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all governmental funds by fund and by ten major classes of expenditures. These ten classes are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, nonprogram services, debt service and capital projects. The ultimate legal level of control is by function for all governmental funds.

The basic governmental fund financial statements can be found on pages 25 – 31 of this report.

**Proprietary funds.** Linn County maintains two different types of proprietary funds. An *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses its enterprise fund, Options of Linn County, to account for employment opportunities provided for the County's mentally challenged and developmentally disabled individuals. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Linn County's various functions. Linn County uses internal service funds to account for its employee health and dental benefits and for its self-insurance of worker's compensation, auto liability and tort claims. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Both the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32 – 34 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35 – 36 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 – 49 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 57 – 64 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Linn County, assets exceeded liabilities by \$97,923,000 at the close of the most recent fiscal year.

The largest portion of the County's net assets, 72 percent, reflects its investment in capital assets (e.g., infrastructure, land, buildings and machinery and equipment), less any related debt used to acquire those assets that is still

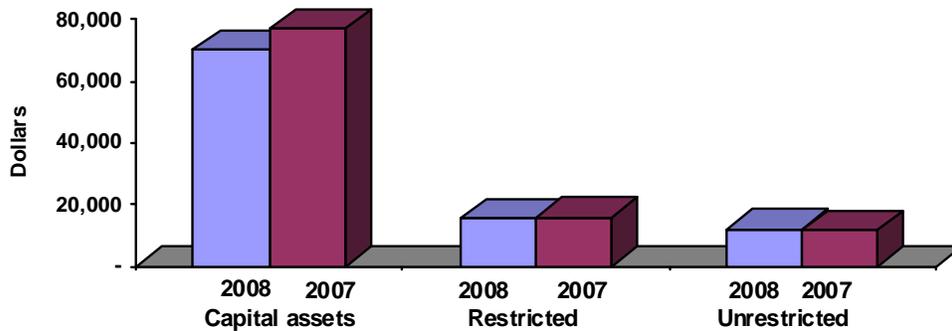
outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Assets for the Fiscal Year Ended June 30, 2008**

The County's combined net assets increased to \$97,923,000 for fiscal year 2008. A condensed version of the Statement of Net Assets as of June 30, 2008 and June 30, 2007 follows:

<b>County of Linn Net Assets</b> (in thousands)						
	Governmental Activities		Business-Type Activities		Total Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 101,439	\$ 87,226	\$ 459	\$ 423	\$ 101,898	\$ 87,649
Capital assets	71,323	79,585	16	38	71,339	79,623
Total assets	<u>172,762</u>	<u>166,811</u>	<u>475</u>	<u>461</u>	<u>173,237</u>	<u>167,272</u>
Long-term debt outstanding	5,987	6,972	-	-	5,987	6,972
Other liabilities	69,256	55,203	71	64	69,327	55,267
Total liabilities	<u>75,243</u>	<u>62,175</u>	<u>71</u>	<u>64</u>	<u>75,314</u>	<u>62,239</u>
 Net assets:						
Invested in capital assets, net of related debt	70,030	77,058	16	38	70,046	77,096
Restricted	15,681	16,087	-	-	15,681	16,087
Unrestricted	11,808	11,491	388	359	12,196	11,850
Total net assets	<u>\$ 97,519</u>	<u>\$ 104,636</u>	<u>\$ 404</u>	<u>\$ 397</u>	<u>\$ 97,923</u>	<u>\$ 105,033</u>

**Comparison of Net Assets**



The largest portion of the County's net assets is the Invested in Capital Assets (e.g., land, infrastructure, buildings and machinery and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets. The \$7,050,000 decrease includes a \$8,284,000 decrease in net capital assets and a \$1,145,000 decrease in general obligation-bonded debt to \$1,200,000 at year-end, a decrease of 49 percent. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$346,000 at June 30, 2008.

Current and other assets increased \$14,249,000 to \$101,898,000. Included is an increase of \$1,364,000 or 4 percent in pooled cash and investments, an increase in succeeding year property tax receivable of \$3,933,000 or 8 percent, and an increase of \$8,929,000 in due from other governments. The increase in pooled cash includes \$1,040,000 from the general fund used for cash flow purposes. The increase in succeeding year property taxes is for the general fund to

support fiscal year 2009 operational increases The increase in due from other governments is estimated federal and state reimbursements of \$8,561,000 for flood-related costs.

### Statement of Activities for the Fiscal Year Ended June 30, 2008

A condensed version of the Statement of Activities as of June 30, 2008 and June 30, 2007 follows:

	County of Linn Changes in Net Assets						Total Percent- age Change 2007-2008
	Governmental		Business-type		Total		
	Activities	Activities	Activities	Activities	Activities	Activities	
	2008	2007	2008	2007	2008	2007	
Revenues:							
Program revenues:							
Charges for services	\$ 21,413	\$ 21,934	\$ 689	\$ 708	\$ 22,102	\$ 22,642	-2.4%
Operating grants and contributions	38,300	27,314	-	-	38,300	27,314	40.2%
Capital grants and contributions	1,295	4,156	-	-	1,295	4,156	-68.8%
General revenues and transfers:							
Property taxes	43,402	41,667	-	-	43,402	41,667	4.2%
Other county taxes	2,891	2,610	-	-	2,891	2,610	10.8%
State replacements and credits	1,370	1,369	-	-	1,370	1,369	0.1%
Investment income	1,815	2,957	10	9	1,825	2,966	-38.5%
Other general revenue	814	957	-	-	814	957	-14.9%
Total revenues	<u>111,300</u>	<u>102,964</u>	<u>699</u>	<u>717</u>	<u>111,999</u>	<u>103,681</u>	8.0%
Expenses:							
Public safety and legal services	20,851	20,419	-	-	20,851	20,419	2.1%
Physical health and social services	17,116	17,135	-	-	17,116	17,135	-0.1%
Mental health	31,233	26,863	692	676	31,925	27,539	15.9%
County environment and education	4,948	5,341	-	-	4,948	5,341	-7.4%
Roads and transportation	22,954	13,348	-	-	22,954	13,348	72.0%
Governmental services to residents	3,412	3,630	-	-	3,412	3,630	-6.0%
Administration	17,782	9,937	-	-	17,782	9,937	78.9%
Nonprogram current	21	14	-	-	21	14	50.0%
Interest on long-term debt	100	148	-	-	100	148	-32.4%
Total expenses	<u>118,417</u>	<u>96,835</u>	<u>692</u>	<u>676</u>	<u>119,109</u>	<u>97,511</u>	22.1%
Change in net assets	(7,117)	6,129	7	41	(7,110)	6,170	-215.2%
Beginning net assets - restated	<u>104,636</u>	<u>98,507</u>	<u>397</u>	<u>356</u>	<u>105,033</u>	<u>98,863</u>	6.2%
Ending net assets	<u>\$ 97,519</u>	<u>\$ 104,636</u>	<u>\$ 404</u>	<u>\$ 397</u>	<u>\$ 97,923</u>	<u>\$ 105,033</u>	-6.8%

### Governmental activities

Revenues for the County's governmental activities increased \$8,336,000 or 8.1% while total expenses increased \$21,582,000 or 22.3%. Key elements include:

- The 4.2% increase in County property taxes represented an overall valuation growth of 1.7% and a 20-cent increase in the countywide levy rate.
- The \$10,986,000 increase in operating grants and contributions included \$8,991,000 from the state and FEMA for winter storm and flood damage reimbursement, and \$1,402,000 from the State to fund mental health cost increases.
- Capital grants of \$1,295,000 included a \$750,000 donation for construction of the Dows Observatory and \$280,000 in infrastructure additions financed with federal grants and state farm-to-market funds.
- The \$1,142,000 decrease in investment income resulted from a decrease in the County's yield on investments to 2.1% for fiscal 2008.
- Mental health increased \$4,370,000 as a result of decreased non-federal share payments which resulted in a 6.0% increase in County match payments as well as expansion projects that were implemented to reduce the MH-DD fund balance to a level allowing increased state funding.

- The roads and transportation expense increase resulted from a decrease in infrastructure projects capitalized in fiscal 2008 as well as flood-related road repairs.
- The increase in administrative expenses was a result of \$7,745,000 in flood-related damages.
- All functional activities were impacted by wage and benefit increases. These costs, comprising slightly more than half of total expenses, include wage increases of \$1,112,000 or 3.2% for the existing 815 County employees as well as \$350,000 for eight new employees. Health and dental expenses increased 4.8% or \$372,000.

### **Business-type activities**

Options of Linn County, the County's sole business-type activity, increased net assets by \$7,000. Operating revenues decreased 2.7% to \$689,000, while operating expenses increased 2.4% to \$692,000 resulting in operating loss of \$3,000 compared to an operating income of \$32,000 for FY 07. Factors contributing to this:

- The June flood caused closure of the facility between June 11<sup>th</sup> and June 30<sup>th</sup>. During closure, no contract work was performed; however, many of the employees took paid leave.
- Items lost in the flood totaled \$26,000.

### **Financial Analysis of the County's Funds**

As the County completed the year, its governmental funds reported a combined fund balance of \$14,656,000, \$9,936,000 less than last year. Total unreserved and undesignated fund balance had a deficit of \$7,570,000 and included a deficit of \$15,333,000 in capital projects as a result of unreimbursed flood-related expenditures. The remaining \$7,763,000 of this total is considered unreserved and undesignated which is available at the County's discretion. The remainder of the fund balance is reserved or designated to indicate it is not available for new spending because it has already been committed for encumbrances, inventories, supplemental levy purposes or to pay debt service. The primary reasons for the changes in the County's funds are:

- Decreased interest earnings in the general fund of \$693,000 resulting from decreased yields
- Postponement of the annual tax sale decreased delinquent property tax revenues by \$305,000
- Deferred general fund flood-related federal and state reimbursements of \$914,000
- Capital projects fund balance decrease of \$6,973,000 as a result of deferred flood-related federal and state reimbursements
- Implementation of expansion projects and increased State match payments resulted in the MH-DD services fund balance decrease of \$1,168,000

### **General Fund Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all governmental funds. The County budget is prepared on the cash basis. Over the course of the year, the County amended its general fund budget two times. The first amendment was made in November 2007 and resulted in an increase to the general fund expenditure budget of \$1,665,000 for an amended total of \$58,554,000. The amendment increased expenditures due largely to new physical health and social service grants.

The second amendment, in May 2008, increased expenditures by \$82,000, for an amended expenditure budget of \$58,636,000. The increase included expenditures associated with local elections as well as adjustments to expenditures related to grants - primarily increased public safety grants and reductions in bioterrorism grants. Actual expenditures for the year totaled \$57,338,000 or \$1,298,000 less than the final amended budget – a variance of 2.2%.

## Capital Assets and Debt Administration

<b>County of Linn's Capital Assets</b>						
(Net of Depreciation, in thousands)						
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Land	\$ 6,900	\$ 6,900	\$ -	\$ -	\$ 6,900	\$ 6,900
Buildings	22,331	28,716	-	-	22,331	28,716
Improvements other than buildings	461	493	-	-	461	493
Machinery and equipment	5,128	5,939	16	38	5,144	5,977
Infrastructure	36,050	36,567	-	-	36,050	36,567
Construction in progress	453	970	-	-	453	970
Total	<u>\$ 71,323</u>	<u>\$ 79,585</u>	<u>\$ 16</u>	<u>\$ 38</u>	<u>\$ 71,339</u>	<u>\$ 79,623</u>

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008 was \$71,339,000 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment and infrastructure. The net decrease in the County's investment in capital assets for the current fiscal year was 10.4 percent. Major capital asset events during the fiscal year included the following:

- Impairment losses of \$6,096,000 to ten county buildings damaged by the June flood
- Completion of \$863,000 in roadway and bridge projects paid directly by the state and federal governments
- Various other infrastructure projects totaling \$618,000 were completed
- Completion of the \$750,000 Dow's Observatory

Additional information on the County's capital assets can be found in note 4 pages 43 – 44 of this report.

### Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of \$1,200,000. The full faith and credit of the County back all the debt.

<b>County of Linn's Outstanding Debt</b>			
(in thousands)			
	Date of	Amount	Interest
	Issue	Issued	Rates
			Outstanding
			June 30, 2008
General Obligation Bonds:			
Correctional Center	July, 1999	\$ 6,500,000	4.000 - 4.500%
			<u>\$ 1,200,000</u>

Moody's Investor Services rate all the County's general obligation bonds Aaa. This rating enhances the sale of future County bonds by broadening the market and minimizing the interest rate for borrowing.

For more detailed information on the County's debt and amortization terms, please refer to note 5 on pages 44 and 45 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate for the County was 4.5 percent at the end of fiscal year 2008, below the national average of 7.2 percent. Total employment increased 1,364 in fiscal year 2008 to 151,897. Personal income increased 1.5 percent to \$7.21 billion while per capita personal income increased \$203 to \$34,712.

Property taxes levied will increase \$3,819,000 or 8.5 percent from the fiscal 2008 budget. This increase represents overall valuation growth of 3.9 percent combined with a 27-cent increase in the countywide levy rate. The 2009 countywide levy rate is \$6.16 per thousand dollars of taxable value. Net property tax revenue represents 45.9 percent of total revenues compared to 44.1 percent for fiscal 2008. Rural residents will pay \$9.88 per thousand dollars of taxable value, including the rural services levy rate of \$3.72.

### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Linn County Office of Finance and Budget, 930 First Street, SW, Cedar Rapids Iowa 52404-2161.



**BASIC FINANCIAL STATEMENTS**

COUNTY OF LINN, IOWA

STATEMENT OF NET ASSETS  
JUNE 30, 2008

ASSETS:	Governmental Activities	Business-Type Activities	Total
Pooled cash and investments	\$ 31,118,902	\$ 314,996	\$ 31,433,898
Receivables:			
Accounts	224,865	138,041	362,906
Property taxes:			
Delinquent	521,064	-	521,064
Succeeding year	51,501,793	-	51,501,793
Interest and penalties on property taxes	335,181	-	335,181
Accrued interest	84,247	687	84,934
Due from other governments	13,425,320	-	13,425,320
Due from individuals and private entities	217,343	-	217,343
Inventories and prepaid expenses	1,342,613	5,124	1,347,737
Investment in joint venture	2,667,000	-	2,667,000
Capital assets:			
Land and construction in progress	7,352,651	-	7,352,651
Other capital assets net of accumulated depreciation	63,970,800	16,099	63,986,899
Total capital assets	71,323,451	16,099	71,339,550
TOTAL ASSETS	172,761,779	474,947	173,236,726
LIABILITIES:			
Accounts payable	15,955,854	23,335	15,979,189
Salaries and benefits payable	820,248	47,450	867,698
Due to individuals and private entities	37,167	-	37,167
Deferred revenue:			
Succeeding year property tax	51,501,793	-	51,501,793
Other	936,163	-	936,163
Accrued interest payable	4,500	-	4,500
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable	1,200,000	-	1,200,000
Capital lease obligations	42,591	-	42,591
Compensated absences	3,662,732	-	3,662,732
Portion due or payable after one year:			
General obligation bonds payable	-	-	-
Capital lease obligations	51,164	-	51,164
Compensated absences	1,030,832	-	1,030,832
Total long-term liabilities	5,987,319	-	5,987,319
TOTAL LIABILITIES	75,243,044	70,785	75,313,829
NET ASSETS:			
Invested in capital assets net of related debt	70,029,696	16,099	70,045,795
Restricted for:			
Supplemental levy purposes	9,593,686	-	9,593,686
MH-DD services	1,627,597	-	1,627,597
Secondary roads	3,064,220	-	3,064,220
Other purposes	1,380,848	-	1,380,848
Debt service	14,992	-	14,992
Unrestricted	11,807,696	388,063	12,195,759
TOTAL NET ASSETS	\$ 97,518,735	\$ 404,162	\$ 97,922,897

See notes to financial statements.



COUNTY OF LINN, IOWA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety and legal services	\$ 20,851,138	\$ 5,263,328	\$ 895,312	\$ 2,506
Physical health and social services	17,116,217	831,812	9,596,259	4,280
Mental health	31,232,947	9,076,027	13,025,291	-
County environment and education	4,948,295	942,000	991,994	754,195
Roads and transportation	22,953,764	1,547,057	5,418,988	533,908
Governmental services to residents	3,412,625	3,044,170	83,642	-
Administration	17,781,908	708,980	8,288,783	-
Nonprogram	21,646	-	-	-
Interest on long-term debt	100,182	-	-	-
Total governmental activities	<u>118,418,722</u>	<u>21,413,374</u>	<u>38,300,269</u>	<u>1,294,889</u>
Business-type activities - Options of Linn County	691,678	688,479	-	-
Total	<u>\$ 119,110,400</u>	<u>\$ 22,101,853</u>	<u>\$ 38,300,269</u>	<u>\$ 1,294,889</u>

General revenues:  
Property and other county taxes levied for:  
    General purposes  
    Debt service  
Penalties, interest and costs on taxes  
Other county taxes:  
    Utility tax replacement excise taxes  
    Other  
Unrestricted state replacements and credits  
Investment income  
Other general revenue  
Total general revenues  
Change in net assets  
Net assets - beginning restated  
Net assets - ending

See notes to financial statements.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (14,689,992)	\$ -	\$ (14,689,992)
(6,683,866)	-	(6,683,866)
(9,131,629)	-	(9,131,629)
(2,260,106)	-	(2,260,106)
(15,453,811)	-	(15,453,811)
(284,813)	-	(284,813)
(8,784,145)	-	(8,784,145)
(21,646)	-	(21,646)
(100,182)	-	(100,182)
<u>(57,410,190)</u>	<u>-</u>	<u>(57,410,190)</u>
-	(3,199)	(3,199)
<u>(57,410,190)</u>	<u>(3,199)</u>	<u>(57,413,389)</u>
42,268,779	-	42,268,779
1,133,472	-	1,133,472
491,268	-	491,268
2,748,287	-	2,748,287
142,577	-	142,577
1,370,360	-	1,370,360
1,815,375	9,952	1,825,327
323,089	-	323,089
<u>50,293,207</u>	<u>9,952</u>	<u>50,303,159</u>
(7,116,983)	6,753	(7,110,230)
<u>104,635,718</u>	<u>397,409</u>	<u>105,033,127</u>
<u>\$ 97,518,735</u>	<u>\$ 404,162</u>	<u>\$ 97,922,897</u>

COUNTY OF LINN, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS  
 JUNE 30, 2008

	General	Special Revenue MH-DD Services
<b>ASSETS:</b>		
Cash and investments:		
Pooled cash and investments	\$ 14,868,743	\$ 4,222,795
Other county officials	586,777	150
Receivables:		
Accounts	115,042	70,296
Property taxes:		
Delinquent	389,331	92,630
Succeeding year	38,146,464	8,131,491
Interest and penalties on property taxes	335,181	-
Accrued interest	80,313	-
Due from other governments	3,796,911	1,168,400
Due from individuals and private entities	209,179	-
Inventories	94,978	-
Prepaid Items	-	192,750
<b>TOTAL ASSETS</b>	<b>\$ 58,622,919</b>	<b>\$ 13,878,512</b>
<b>LIABILITIES AND FUND BALANCES:</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 1,916,610	\$ 3,959,484
Salaries and benefits payable	591,739	159,930
Deferred revenue:		
Succeeding year property tax	38,146,464	8,131,491
Other	3,191,234	238,958
<b>Total liabilities</b>	<b>43,846,047</b>	<b>12,489,863</b>
<b>FUND BALANCES:</b>		
Reserved for:		
Encumbrances	-	-
Prepaid items	-	192,750
Inventories	94,978	-
Supplemental levy purposes	9,511,143	-
Debt service fund	-	-
Unreserved (deficit)	5,170,751	1,195,899
Unreserved reported in nonmajor - Special revenue funds	-	-
<b>Total fund balances</b>	<b>14,776,872</b>	<b>1,388,649</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 58,622,919</b>	<b>\$ 13,878,512</b>

See notes to financial statements.

Funds			Other		Total
Secondary	Capital		Governmental		Governmental
Roads	Projects		Funds		Funds
\$ 1,503,758	\$ 2,061,280	\$ 1,401,061	\$ 24,057,637		
1,712	-	12,076	600,715		
39,527	-	-	224,865		
-	-	39,103	521,064		
-	-	5,223,838	51,501,793		
-	-	-	335,181		
-	-	767	81,080		
1,009,753	7,433,723	16,533	13,425,320		
8,164	-	-	217,343		
1,037,778	-	17,107	1,149,863		
-	-	-	192,750		
<u>\$ 3,600,692</u>	<u>\$ 9,495,003</u>	<u>\$ 6,710,485</u>	<u>\$ 92,307,611</u>		
\$ 472,570	\$ 7,470,612	\$ 64,966	\$ 13,884,242		
63,902	-	4,677	820,248		
-	-	5,223,838	51,501,793		
548,227	7,433,723	33,483	11,445,625		
<u>1,084,699</u>	<u>14,904,335</u>	<u>5,326,964</u>	<u>77,651,908</u>		
1,445,258	9,923,543	-	11,368,801		
-	-	-	192,750		
1,037,778	-	17,107	1,149,863		
-	-	-	9,511,143		
-	-	2,673	2,673		
32,957	(15,332,875)	-	(8,933,268)		
-	-	1,363,741	1,363,741		
<u>2,515,993</u>	<u>(5,409,332)</u>	<u>1,383,521</u>	<u>14,655,703</u>		
<u>\$ 3,600,692</u>	<u>\$ 9,495,003</u>	<u>\$ 6,710,485</u>	<u>\$ 92,307,611</u>		

COUNTY OF LINN, IOWA

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

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Total fund balances for governmental funds \$ 14,655,703

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 71,323,451

The County has an equity interest in a joint venture. This investment is not a current financial resource and therefore is not reported in the funds. 2,667,000

Internal service funds are used by the County to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 4,354,938

Some of the County's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures. Therefore, they are reported as deferred revenue in the funds. 10,509,462

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities:

Accrued interest on bonds		(4,500)
Bonds payable	\$ (1,200,000)	
Capital leases	(93,755)	
Compensated absences	<u>(4,693,564)</u>	
Total long-term debt liabilities		<u>(5,987,319)</u>

Total net assets of governmental activities \$ 97,518,735

See notes to the financial statements.



COUNTY OF LINN, IOWA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2008

	General	Special Revenue MH-DD Services
<b>REVENUES:</b>		
Property taxes	\$ 31,158,622	\$ 7,411,747
Other county taxes	2,020,471	476,205
Interest and penalty on taxes	507,067	-
Intergovernmental	15,846,767	21,612,583
Licenses and permits	736,264	-
Charges for services	5,177,785	584,545
Use of money and property	2,302,502	1,875
Miscellaneous	679,742	1,341
<b>Total revenues</b>	<b>58,429,220</b>	<b>30,088,296</b>
<b>EXPENDITURES:</b>		
Current:		
Public safety and legal services	20,397,319	-
Physical health and social services	16,960,830	-
Mental health	-	31,256,180
County environment and education	4,996,803	-
Roads and transportation	1,631,696	-
Governmental services to residents	3,329,108	-
Administration	10,925,248	-
Nonprogram	21,646	-
Capital projects	-	-
Debt service	-	-
<b>Total expenditures</b>	<b>58,262,650</b>	<b>31,256,180</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>166,570</b>	<b>(1,167,884)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Sale of capital assets	13,581	-
Provision for capital leases and installment purchases	25,545	-
Transfers in	4,596,747	-
Transfers out	(7,243,381)	-
<b>Total other financing sources (uses)</b>	<b>(2,607,508)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,440,938)</b>	<b>(1,167,884)</b>
<b>FUND BALANCES AT BEGINNING RESTATED</b>	<b>17,241,650</b>	<b>2,556,533</b>
<b>INCREASE (DECREASE) IN INVENTORY RESERVES</b>	<b>(23,840)</b>	<b>-</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 14,776,872</b>	<b>\$ 1,388,649</b>
See notes to financial statements.		

Funds			Other Governmental Funds	Total Governmental Funds
Secondary Roads	Capital Projects			
\$ -	\$ -	\$	4,510,122	\$ 43,080,491
-	-		387,627	2,884,303
-	-		-	507,067
5,556,312	276		309,382	43,325,320
30,655	-		-	766,919
151,775	-		299,680	6,213,785
-	-		28,363	2,332,740
236,451	-		298,898	1,216,432
<u>5,975,193</u>	<u>276</u>		<u>5,834,072</u>	<u>100,327,057</u>
-	-		249,083	20,646,402
-	-		-	16,960,830
-	-		-	31,256,180
-	-		506,701	5,503,504
9,835,632	-		314,132	11,781,460
-	-		84,056	3,413,164
-	-		-	10,925,248
-	-		-	21,646
679,276	7,952,805		286,554	8,918,635
-	-		1,249,380	1,249,380
<u>10,514,908</u>	<u>7,952,805</u>		<u>2,689,906</u>	<u>110,676,449</u>
<u>(4,539,715)</u>	<u>(7,952,529)</u>		<u>3,144,166</u>	<u>(10,349,392)</u>
6,870	-		-	20,451
-	-		-	25,545
4,286,282	1,160,000		250,000	10,293,029
-	-		(3,049,648)	(10,293,029)
<u>4,293,152</u>	<u>1,160,000</u>		<u>(2,799,648)</u>	<u>45,996</u>
(246,563)	(6,792,529)		344,518	(10,303,396)
2,759,275	1,383,197		1,029,394	24,970,049
3,281	-		9,609	(10,950)
<u>\$ 2,515,993</u>	<u>\$ (5,409,332)</u>	<u>\$</u>	<u>1,383,521</u>	<u>\$ 14,655,703</u>

COUNTY OF LINN, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

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Net change in fund balances - total governmental funds		\$ (10,303,396)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
		(1,796,372)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		
		(6,465,356)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		9,866,380
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
General obligation bonds principal repayment		
		1,145,000
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.		
		88,170
Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these as expenditures in the period that the corresponding net asset is exhausted.		
		(10,950)
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		\$ (248,153)
Interest on long-term debt		<u>4,198</u>
		(243,955)
Internal service funds are used by management to charge costs of insurance to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities.		
		<u>603,496</u>
Change in net assets of governmental activities		<u>\$ (7,116,983)</u>

See notes to financial statements



COUNTY OF LINN, IOWA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2008

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OPERATING REVENUES - Charges for services	\$	688,479	\$	10,131,256
OPERATING EXPENSES:				
Salaries and benefits		608,715		-
Supplies		14,564		-
Other expenses		46,925		-
Depreciation		7,376		-
Claims and administrative expenses		-		9,605,516
TOTAL OPERATING EXPENSES		<u>677,580</u>		<u>9,605,516</u>
OPERATING INCOME (LOSS)		10,899		525,740
NON-OPERATING REVENUES (EXPENSES) -				
Interest income		9,952		77,756
Loss on disposal of capital assets		(14,098)		-
TOTAL NON-OPERATING REVENUES (EXPENSES)		<u>(4,146)</u>		<u>77,756</u>
CHANGE IN NET ASSETS		6,753		603,496
TOTAL NET ASSETS - BEGINNING		<u>397,409</u>		<u>3,751,442</u>
TOTAL NET ASSETS - ENDING	\$	<u>404,162</u>	\$	<u>4,354,938</u>
See notes to financial statements				

COUNTY OF LINN, IOWA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2008

	Nonmajor Enterprise Fund - Options	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 673,767	\$ -
Cash received from other funds	-	9,954,931
Cash received from insurance claims	-	93,547
Cash received from employees	-	176,325
Cash paid to suppliers	(35,498)	-
Cash paid to employees	(620,972)	(28,195)
Cash paid for insurance claims and premiums	-	(8,629,918)
Cash paid for services	-	(618,199)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>17,297</u>	<u>948,491</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES - Interest on investments</b>	<u>10,150</u>	<u>83,107</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	27,447	1,031,598
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>287,549</u>	<u>5,428,952</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 314,996</u>	<u>\$ 6,460,550</u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>		
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 10,899</u>	<u>\$ 525,740</u>
 <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM (FOR) OPERATING ACTIVITIES:</b>		
Depreciation	7,376	-
Increase in accounts receivable	(14,712)	-
Decrease in inventories and prepaid expenses	7,241	-
Increase in due to individuals and private entities	-	13,139
Increase in accounts payable	19,915	409,612
Decrease in salaries and benefits payable	(13,422)	-
<b>Total adjustments</b>	<u>6,398</u>	<u>422,751</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 17,297</u>	<u>\$ 948,491</u>
See notes to financial statements		



COUNTY OF LINN, IOWA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED JUNE 30, 2008

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	<u>Deferred Compensation Trust Fund</u>
ADDITIONS:	
Employee contributions	\$ 139,622
Net decrease in the fair value of investments	<u>(163,313)</u>
Total additions	(23,691)
DEDUCTIONS - Redemption of contributions to employee or beneficiaries	<u>43,834</u>
CHANGE IN NET ASSETS	(67,525)
TOTAL NET ASSETS - BEGINNING	<u>1,912,258</u>
TOTAL NET ASSETS - ENDING	<u>\$ 1,844,733</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Linn, Iowa (the "County") was incorporated in 1839 and is a political subdivision of the State of Iowa operating 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.

A. Reporting Entity

For financial reporting purposes, Linn 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.

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: Linn County Assessor's Conference Board, Cedar Rapids Assessor's Conference Board, Linn County Emergency Management Commission, and the Linn County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund 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. For the most part, the effect of interfund activity has been removed from these statements except for interfund services provided and used which are not eliminated in the process of consolidation. Property tax, intergovernmental revenues and other nonexchange transactions support governmental activities.

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.

Restricted net assets – result when constraints are 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 and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among 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:

**General Fund** – The General Fund is the general operating fund of the County. All general tax revenues and other revenues that are 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 Funds** – The MH-DD Services Fund is used to account for property taxes and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services. The Secondary Roads Fund is used to account for secondary road construction and maintenance.

**Capital Projects Fund** – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Additionally, the County reports the following fund types:

**Internal Service Funds** – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost reimbursement basis. The County currently uses Internal Service Funds for the purpose of purchasing insurance and providing self-insurance for certain risks.

**Enterprise Funds** – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) 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 revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control or other sound financial management purposes.

**Deferred Compensation Trust Fund** – The Deferred Compensation Trust Fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. The Deferred Compensation Trust Fund accounts for assets where both the principal and interest may be spent.

**Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governmental units and/or other funds. The County's agency funds are used primarily for the collection and remittance of property taxes for other local governments. Agency funds are also used for funds received by various County offices which have been remitted to the County Treasurer. Agency Funds are custodial in nature and do not involve the measurement of results of operations.

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Linn County has elected not to follow subsequent private-sector guidance.

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

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The County Treasurer maintains a cash and investment pool for all County funds. The Deferred Compensation Trust Fund and several of the County’s agency funds also hold cash and investments separately on behalf of others. Cash resources have been pooled in order to maximize investment opportunities. Interest earned on the cash and investment pool is generally allocated to the General Fund as permitted under state law. Each fund's portion of the total pooled cash and investments is reported as such within this report.

Investments in the Deferred Compensation Trust Fund are reported at fair value. All other investments are stated at amortized cost, if purchased with an original maturity of less than one year.

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.

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 County Board of Supervisors certifies the tax asking. 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 percent 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.

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 fund 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.

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 government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated 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 or materially extend the life of the asset are not capitalized. Capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years. The County defines reportable capital assets as individual assets above the following thresholds:

Infrastructure	\$75,000
Land, buildings and improvements	50,000
Equipment and vehicles	5,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Building	25 – 50
Building improvements	25 – 50
Infrastructure	10 – 65
Equipment	3 – 20
Vehicles	3 – 15

Inventories and Prepaid Items – Inventories for all governmental funds are valued at average cost. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased, however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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.

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

Compensated Absences – Generally, County employees accumulate sick leave days for subsequent use. The County does not recognize this accumulation as a disbursement until it is paid since sick leave does not vest. County employees also accumulate vacation days for subsequent use. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General fund and the MH-DD Services, Rural Services and Secondary Roads Special Revenue funds as statutorily required.

Long-term Liabilities – In the government-wide 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.

### E. Budgets and Budgetary Accounting

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

## 2. CASH AND 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. As of June 30, 2008 the carrying amount of the County's deposits with financial institutions, which include certificates of deposit, was \$38,993,085, and the bank balances were \$41,067,966.

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. The County is also authorized to invest deferred compensation balances in money market, bond and equity mutual funds under the terms of the County's Deferred Compensation Plan (See Note 7).

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$673,226 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

*Interest rate risk.* The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the need and use of the County.

*Credit risk.* The County's investment in the Iowa Public Agency Investment Trust is unrated. The investments in mutual funds held by the County Employees' Deferred Compensation Trust Fund are not rated and had a carrying value and fair value of \$1,844,733 at June 30, 2008.

*Concentration of credit risk.* The County places no limit on the amount that may be invested in any one issuer.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy does not limit the amount of securities that can be held by counterparties. The County did not hold any investments during the year.

## 3. PROPERTY TAXES

The County certifies its fiscal year budget in March of each year. Property taxes are levied by the County Board of Supervisors on July 1 on the assessment rolls of January 1 of the prior calendar year and become a lien on property when levied. Collections are due in September and March and become delinquent on October 1 and April 1, respectively. The transfer of monies collected by the County on behalf of other taxing bodies takes place before the 15th day of the month following the month of collection.

The County is permitted by the State Code of Iowa to levy taxes up to \$3.50 per \$1,000 of assessed valuation for general services. The County levied the maximum \$3.50 levy for general governmental services for the year ended June 30, 2008. The Code provides for a levy of an unlimited amount for restricted supplemental and debt service expenditures. In addition, the Code provides for a levy of up to \$3.95 per \$1,000 of assessed valuation for rural services, of which the County levied \$3.72 for the year ended June 30, 2008.

#### 4. CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,899,759	\$ -	\$ -	\$ 6,899,759
Construction in progress	970,043	964,261	1,481,412	452,892
Total capital assets not being depreciated	<u>7,869,802</u>	<u>964,261</u>	<u>1,481,412</u>	<u>7,352,651</u>
Capital assets being depreciated:				
Infrastructure	50,552,291	1,481,412	-	52,033,703
Buildings	46,542,989	750,200	13,437,810	33,855,379
Improvements other than buildings	778,045	-	-	778,045
Machinery and equipment	21,508,539	846,780	2,539,249	19,816,070
Total capital assets being depreciated	<u>119,381,864</u>	<u>3,078,392</u>	<u>15,977,059</u>	<u>106,483,197</u>
Less accumulated depreciation for:				
Infrastructure	13,985,477	1,998,539	-	15,984,016
Buildings	17,827,033	1,038,722	7,342,256	11,523,499
Improvements other than buildings	284,759	32,124	-	316,883
Machinery and equipment	15,569,218	1,288,228	2,169,447	14,687,999
Total accumulated depreciation	<u>47,666,487</u>	<u>4,357,613</u>	<u>9,511,703</u>	<u>42,512,397</u>
Total capital assets being depreciated, net	<u>71,715,377</u>	<u>(1,279,221)</u>	<u>6,465,356</u>	<u>63,970,800</u>
Governmental activities capital assets, net	<u>\$ 79,585,179</u>	<u>\$ (314,960)</u>	<u>\$ 7,946,768</u>	<u>\$ 71,323,451</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets being depreciated -				
Machinery and equipment	\$ 125,513	\$ -	\$ 70,339	\$ 55,174
Less accumulated depreciation for -				
Machinery and equipment	87,940	7,376	56,241	39,075
Business-type activities capital assets, net	<u>\$ 37,573</u>	<u>\$ (7,376)</u>	<u>\$ 14,098</u>	<u>\$ 16,099</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 285,893
Physical health and social services		199,176
Mental health		28,873
County environment and education		307,723
Roads and transportation		2,701,554
Governmental services to residents		28,681
Administration		805,713
Total depreciation expense - governmental activities		<u>\$ 4,357,613</u>
Business-type activities - Options of Linn County		<u>\$ 7,376</u>

Impairment Loss

In June, the County experienced flood damage to county buildings. Consequently, an impairment loss of \$6,095,553 is recorded as an adjustment to the carrying value of eleven county buildings.

The County has entered into contracts for the construction or reconstruction of various infrastructure and capital assets as follows:

	<u>Contract Amount</u>	<u>Expended To Date</u>	<u>Remaining Commitment</u>
Road construction projects	\$ 580,699	\$ 66,118	\$ 514,581

5. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2008 are as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>	<u>One Year</u>
General obligation bonds	\$ 2,345,000	\$ -	\$ 1,145,000	\$ 1,200,000	\$ 1,200,000
Capital lease obligations	181,925	25,545	113,715	93,755	42,591
Compensated absences	4,445,411	3,633,186	3,385,033	4,693,564	3,662,732
	<u>\$ 6,972,336</u>	<u>\$ 3,658,731</u>	<u>\$ 4,643,748</u>	<u>\$ 5,987,319</u>	<u>\$ 4,905,323</u>

General Obligation Bonds

General obligation Correctional Center bonds totaling \$1,200,000 are outstanding as of June 30, 2008. The bonds have interest rates ranging from 4.00 percent to 4.50 percent and mature in varying annual amounts ranging from \$65,000 to \$1,200,000 per issue with final maturities due in the year ending June 30, 2009. Interest and principal payments on all general obligation bonds are accounted for through the Debt Service Fund.

Summary of Bond Issues

General obligation bonds payable at June 30, 2008, are comprised of the following individual issues:

	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2008</u>
General Obligation Bonds: Correctional Center	July, 1999	\$ 6,500,000	4.000 - 4.500%	<u>\$ 1,200,000</u>

Summary of Principal and Interest Maturities

Annual debt service requirements to service all outstanding general obligation bonds as of June 30, 2008 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,200,000	\$ 54,000	\$ 1,254,000
Total	<u>\$ 1,200,000</u>	<u>\$ 54,000</u>	<u>\$ 1,254,000</u>

## Debt Legal Compliance

In order to limit the liability of taxpayers, the State constitution of Iowa imposes a limit on the amount of debt local governments may incur. The County's debt limitation is five percent of its estimated actual valuation. This limitation applies only to general obligation indebtedness. At June 30, 2008, the statutory limit for the County was \$664,936,000, providing a legal debt margin of \$663,736,000.

## Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2008, there were 17 series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of 19,354,591.

## 6. PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 3.7 percent of their annual covered salary and the County is required to contribute 6.05 percent of annual covered payroll. For law enforcement employees the percentages are 7.70 percent and 7.70 percent, while the percentages for conservation peace officers are 5.64 percent and 8.47 percent. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$2,409,853, \$2,291,369, and \$2,274,253 respectively, equal to the required contributions for each year.

## 7. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with and intended to comply with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Effective January 1, 1999, the revised Linn County Deferred Compensation Plan required assets of the plan to be held in insurance annuity and custodial account contracts that meet the exclusive benefit and other requirements of Section 457(g) and 401(f) of the Internal Revenue Code. The terms of the insurance annuity and custodial contracts make it impossible, prior to the satisfaction of all liabilities with respect to the participants and beneficiaries, for any part of the assets and income of the contracts to be used for, or diverted to, any purpose other than for the exclusive benefit of the participants or beneficiaries.

Certain providers have not adopted the Linn County provider plan document. Assets of the plan held in insurance contracts or custodial accounts of those providers that do not meet the exclusive benefit and other requirements are held in trust by the County for the exclusive benefit of participants and their beneficiaries. Linn County is the trustee for the plan. Assets have been considered held because of the significant administrative involvement (withholding federal and state taxes from benefit payments and filing the required reports of withholdings with the appropriate federal and state agencies).

## 8. RISK MANAGEMENT

Health and Dental Benefits – The County has chosen to establish a risk-financing fund for risks associated with the employee health and dental insurance plans. The risk-financing fund, entitled "Employee Health and Dental Fund", is accounted for as an internal service fund where assets are set aside for claim settlements. A premium is charged to each fund that accounts for part-time or full-time employees. The total charge allocated to each of the funds (the allocation is based upon an estimated premium per employee within each of the County's funds) is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated and reevaluated periodically considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liabilities does not result in an exact amount. The estimated claims liabilities do not include any allocated or unallocated claim adjustment expenses. Changes in the balances of employee health and dental claims liabilities during the past year are as follows:

	Year ended June 30, 2008	Year ended June 30, 2007
Unpaid claims, beginning of year	\$ 1,434,000	\$ 1,216,000
Incurred claims	(8,033,017)	(8,390,333)
Claim payments	8,047,125	8,608,333
Unpaid claims, end of year	<u>\$ 1,448,108</u>	<u>\$ 1,434,000</u>

Self-insurance is in effect up to a calculated rating period aggregate deductible of \$9,013,666 for 2008. In addition, there is a stop loss amount of \$125,000 per individual covered. Coverage from a private insurance company is maintained for losses in excess of the stop loss amounts. There was no significant change in insurance coverage from the prior fiscal year. In each of the past three fiscal years, insurance coverage exceeded settlements. At June 30, 2008, the Employee Health and Dental Fund held \$4,188,551 in pooled cash and investments available for payment of these claims.

Unemployment Compensation – The County is self-insured for unemployment compensation. Claims for unemployment compensation are made from the governmental fund types. Unemployment compensation is charged quarterly to the applicable funds as the state assesses the County based on actual claims paid. The estimated claims liabilities do not include any allocated or unallocated claim adjustment expenditures. Changes in the balances of the claims liabilities during the past year are as follows:

	Year ended June 30, 2008	Year ended June 30, 2007
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	40,504	(43,818)
Claim payments	(40,504)	43,818
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

Worker's Compensation and Tort Claims – The County has also chosen to establish a risk-financing fund for risks associated with worker's compensation and tort claims. The risk-financing fund, entitled "Self-Insurance Fund", is accounted for as an internal service fund where assets are set aside for claim settlements. Premiums are paid into the Self-Insurance Fund (the allocation is based upon the percentage of each fund's original budget as it relates to the total County original budget) and are calculated using trends in actual claims experience.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated and reevaluated periodically considering the effects of inflation and recent claim settlement trends including frequency and amount of payouts. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liabilities does not result

in an exact amount. The estimated claims liabilities do not include any allocated or unallocated claim adjustment expenses. Changes in the balances of claims liabilities during the past year are as follows:

	Year ended June 30, 2008	Year ended June 30, 2007
Unpaid claims, beginning of year	\$ 228,000	\$ 171,000
Incurred claims	(1,162,887)	(1,078,085)
Claim payments	<u>1,207,887</u>	<u>1,135,085</u>
Unpaid claims, end of year	<u>\$ 273,000</u>	<u>\$ 228,000</u>

At June 30, 2008, the Self-Insurance Fund held \$2,271,999 in pooled cash and investments available for payment of these claims.

## 9. INTERFUND TRANSFERS

### Interfund Transfers Reconciliation

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

	Interfund Transfers In	Interfund Transfers Out
General fund	\$ 4,596,747	\$ 7,243,381
Secondary roads fund	4,286,282	-
Capital projects fund	1,160,000	-
Nonmajor governmental funds	<u>250,000</u>	<u>3,049,648</u>
Total	<u>\$ 10,293,029</u>	<u>\$ 10,293,029</u>

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

## 10. LEASE COMMITMENTS

The County is committed under various leases for office equipment. These leases have been classified as operating leases as defined by Financial Accounting Standards Board Statement No. 13, "Accounting for Leases," and, accordingly, all rents are charged to expenditures as incurred. The leases expire at various dates through 2013. The County has also entered into lease agreements to finance machinery and equipment classified as capital leases under Statement No. 13. Capital assets include machinery and equipment with a carrying value (cost) of \$143,869 relative to these capital leases.

The following is a schedule, by year, of future minimum rental payments required under capital leases and noncancelable operating leases that have initial or remaining lease terms in excess of one year at June 30, 2008:

Year Ending June 30	Capital Leases	Operating Leases
2009	\$ 46,138	\$ 377,323
2010	26,697	49,479
2011	14,516	140
2012	12,325	-
2013	<u>664</u>	<u>-</u>
Total minimum lease payments	100,340	<u>\$ 426,942</u>
Less amounts representing interest	<u>(6,585)</u>	
Present value of minimum lease payments	<u>\$ 93,755</u>	

Lease expenditures for the year ended June 30, 2008, for all operating leases were \$408,241.

11. CONTINGENCIES

Litigation

The County records liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. Currently there are several lawsuits pending against the County. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position.

12. INVESTMENT IN JOINT VENTURE

The County is a participant in a joint venture agreement with the City of Cedar Rapids for the operation of the Cedar Rapids/Linn County Solid Waste Agency, an agency governing solid-waste issues for Linn County. The agency is responsible for the landfill closure and postclosure care costs of both governmental agencies. The County Board of Supervisors appoints three members, and the City of Cedar Rapids appoints six members to the nine-member Board of Directors.

The County has no liability for closure and postclosure care costs. All closure and postclosure care costs will be born by The Cedar Rapids/Linn County Solid Waste Agency.

The agreement with the City of Cedar Rapids became fully operative July 1, 1994, and continues until June 30, 2044. At the termination of this agreement, the assets and liabilities of the Cedar Rapids/Linn County Solid Waste Agency shall be divided based on the proportion of the City and County's population. At June 30, 2008, the agency's equity was \$24.1 million of which 11.0 percent or \$2,667,000 was the County's equity interest. The previous year, the equity interest for the County was \$2,758,000. Complete separate financial statements for the Cedar Rapids/Linn County Solid Waste Agency may be obtained from the administrative offices of the agency at 6301 Kirkwood Blvd. SW, Cedar Rapids, Iowa 52406.

13. RESTATEMENT OF BEGINNING BALANCES

The restatement of the secondary roads fund balance was the result of road use tax revenue not recorded as a receivable for the year ending June 30, 2007:

	Fund Balance As Previously Reported June 30, 2007	Restatement	Fund Balance As Restated June 30, 2007
Secondary Roads fund	\$ 2,381,339	\$ 377,936	\$ 2,759,275

14. SUBSEQUENT EVENTS

On August 13, 2008, the County issued \$15,071,070 General Fund Cash Flow Anticipation Notes. Interest is to be payable on June 30, 2009, at maturity. The notes have an interest rate of 2.25% and will mature on June 30, 2009. The notes were issued to fund the County's cash flow shortfall resulting from remediation of costs associated with the flood that occurred in June of 2008. Moody's Investors Service reviewed and assigned a rating of MIG 1 to the notes.

## 15. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

The Governmental Accounting Standards Board (GASB) has issued six statements not yet implemented by Linn County. The statements, which might impact Linn County, are as follows:

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the County for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Statement No. 47, *Accounting for Termination Benefits* issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement 45. For all other termination benefits, this Statement is effective for the fiscal year ended June 30, 2007.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* issued November 2006, will be effective for the fiscal year ending June 30, 2009. This statement establishes standards for accounting and financial reporting for obligations to address the current or potential detrimental effects of existing pollution.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007 will be effective for the fiscal year ending June 30, 2010. This statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the fiscal year ending June 30, 2010. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

The County's management has not yet determined the effect these statements will have on the County's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF LINN, IOWA  
 BUDGETARY COMPARISON SCHEDULE  
 ALL GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 43,546,475	\$ 43,332,700	\$ 43,008,169	\$ (324,531)
Other county taxes	2,917,943	2,745,275	2,883,004	137,729
Interest and penalty on taxes	580,000	590,000	476,243	(113,757)
Intergovernmental	41,430,825	44,403,320	43,921,222	(482,098)
Licenses and permits	719,024	723,474	761,340	37,866
Charges for services	6,397,997	6,332,649	6,267,194	(65,455)
Use of money and property	2,078,939	2,311,638	2,410,115	98,477
Miscellaneous	849,204	960,342	1,213,794	253,452
Total revenues	<u>98,520,407</u>	<u>101,399,398</u>	<u>100,941,081</u>	<u>(458,317)</u>
<b>EXPENDITURES:</b>				
Operating:				
Public safety and legal services	20,755,972	20,845,700	20,454,089	391,611
Physical health and social services	15,957,338	16,970,670	16,948,297	22,373
Mental health	28,946,501	30,298,750	29,859,188	439,562
County environment and education	5,735,215	5,791,144	5,498,326	292,818
Roads and transportation	10,802,533	12,066,460	11,524,998	541,462
Governmental services to residents	3,431,279	3,574,952	3,434,687	140,265
Administration	10,180,383	10,737,958	10,282,715	455,243
Nonprogram	17,854	10,000	7,429	2,571
Debt service	1,249,380	1,249,380	1,249,380	-
Capital projects	2,350,000	1,917,250	1,449,625	467,625
Total expenditures	<u>99,426,455</u>	<u>103,462,264</u>	<u>100,708,734</u>	<u>2,753,530</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(906,048)</u>	<u>(2,062,866)</u>	<u>232,347</u>	<u>2,295,213</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of capital assets	6,100	11,063	21,136	10,073
Transfers in	10,133,029	10,293,029	10,293,029	-
Transfers out	<u>(10,133,029)</u>	<u>(10,293,029)</u>	<u>(10,293,029)</u>	<u>-</u>
Total other financing sources (uses)	<u>6,100</u>	<u>11,063</u>	<u>21,136</u>	<u>10,073</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(899,948)</u>	<u>(2,051,803)</u>	<u>253,483</u>	<u>2,305,286</u>
<b>FUND BALANCES - BEGINNING</b>	<u>23,616,820</u>	<u>23,616,820</u>	<u>23,616,820</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 22,716,872</u>	<u>\$ 21,565,017</u>	<u>\$ 23,870,303</u>	<u>\$ 2,305,286</u>

See accompanying independent auditor's report

COUNTY OF LINN, IOWA  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET TO GAAP RECONCILIATION  
 YEAR ENDED JUNE 30, 2008

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 100,941,081	\$ (614,024)	\$ 100,327,057
Expenditures	100,708,734	9,967,715	110,676,449
Net	232,347	(10,581,739)	(10,349,392)
Total other financing sources (uses)	21,136	24,860	45,996
Beginning fund balances	23,616,820	1,353,229	24,970,049
Decrease in reserve for inventories	-	(10,950)	(10,950)
Ending fund balances	<u>\$ 23,870,303</u>	<u>\$ (9,214,600)</u>	<u>\$ 14,655,703</u>

See accompanying independent auditor's report

COUNTY OF LINN, IOWA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION –  
BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2008

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted expenditures by \$4,035,809. The budget amendments are reflected in the final budgeted amounts.

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

COMBINING FUND FINANCIAL STATEMENTS AND OTHER SUPPLEMENTAL INFORMATION

COUNTY OF LINN, IOWA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Rural Services Fund – To account for taxes levied to benefit the rural residents of the County.

Inmate Commissary Fund – To account for the sale of personal and convenience items to prisoners in the correctional center and revenues from inmate phone calls with profits used for purposes of prisoner welfare and rehabilitation.

Gifts and Donations – To account for funds given to the County to be expended for any legal purpose deemed appropriate.

Recorder's Records Management Fund – To account for fees collected for each recorded transaction to be used for the purpose of preserving and maintaining public records.

Recorder's Electronic Fees – To account for a \$1 fee per document collected and sent to the state treasurer to be used for the statewide internet website.

Conservation Reserve Fund – To account for funds deposited with the County to be used for conservation purposes.

Conservation Resource Enhancement and Protection (REAP) Fund – To account for state funds received by the County to be used for County conservation land acquisition and capital improvement projects.

Air Pollution Title V Fund – To account for permit fees collected from industry for all major sources of air pollution emissions.

(Continued)

COUNTY OF LINN, IOWA

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

COUNTY OF LINN, IOWA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

ASSETS	Rural Services	Inmate Commissary	Gifts and Donations	Recorder's Records Management	Recorder's Electronic Fees	Special
Cash and investments:						
Pooled cash and investments	\$ 360,807	\$ 193,628	\$ 201,917	\$ 84,669	\$ 4	
Other county officials	-	-	-	12,076	-	
Receivables:						
Property tax:						
Delinquent	24,782	-	-	-	-	
Succeeding year	3,988,432	-	-	-	-	
Accrued interest	-	-	401	1	-	
Due from other governments	-	-	-	-	-	
Inventories	17,107	-	-	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 4,391,128</b>	<b>\$ 193,628</b>	<b>\$ 202,318</b>	<b>\$ 96,746</b>	<b>\$ 4</b>	
 <b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 903	\$ 9,679	\$ -	\$ -	\$ -	
Salaries and benefits payable	3,740	664	-	-	-	
Deferred revenue:						
Succeeding year property tax	3,988,432	-	-	-	-	
Other	20,631	-	-	-	-	
<b>Total liabilities</b>	<b>4,013,706</b>	<b>10,343</b>	<b>-</b>	<b>-</b>	<b>-</b>	
 <b>FUND BALANCES:</b>						
Reserved for:						
Inventories	17,107	-	-	-	-	
Debt service	-	-	-	-	-	
Unreserved	360,315	183,285	202,318	96,746	4	
<b>Total fund balances</b>	<b>377,422</b>	<b>183,285</b>	<b>202,318</b>	<b>96,746</b>	<b>4</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,391,128</b>	<b>\$ 193,628</b>	<b>\$ 202,318</b>	<b>\$ 96,746</b>	<b>\$ 4</b>	

Revenue Funds

Conservation Reserve	Conservation REAP	Air Pollution Title V	Debt Service	Total
\$ 326,913	\$ 138,347	\$ 94,105	\$ 671	\$ 1,401,061
-	-	-	-	12,076
-	-	-	14,321	39,103
-	-	-	1,235,406	5,223,838
-	365	-	-	767
533	-	16,000	-	16,533
-	-	-	-	17,107
<u>\$ 327,446</u>	<u>\$ 138,712</u>	<u>\$ 110,105</u>	<u>\$ 1,250,398</u>	<u>\$ 6,710,485</u>
\$ 49,616	\$ 4,768	\$ -	\$ -	\$ 64,966
-	-	273	-	4,677
-	-	-	1,235,406	5,223,838
533	-	-	12,319	33,483
<u>50,149</u>	<u>4,768</u>	<u>273</u>	<u>1,247,725</u>	<u>5,326,964</u>
-	-	-	-	17,107
-	-	-	2,673	2,673
<u>277,297</u>	<u>133,944</u>	<u>109,832</u>	<u>-</u>	<u>1,363,741</u>
<u>277,297</u>	<u>133,944</u>	<u>109,832</u>	<u>2,673</u>	<u>1,383,521</u>
<u>\$ 327,446</u>	<u>\$ 138,712</u>	<u>\$ 110,105</u>	<u>\$ 1,250,398</u>	<u>\$ 6,710,485</u>

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2008

				Special	
	Rural Services	Inmate Commissary	Gifts and Donations	Recorder's Records Management	Recorder's Electronic Fees
<b>REVENUES:</b>					
Property taxes	\$ 3,376,650	\$ -	\$ -	\$ -	\$ -
Other county taxes	319,736	-	-	-	-
Intergovernmental	147,702	-	-	-	-
Charges for services	-	252,631	-	47,049	-
Use of money and property	-	6,874	935	4,779	-
Miscellaneous	-	7	201,383	-	-
Total revenues	<u>3,844,088</u>	<u>259,512</u>	<u>202,318</u>	<u>51,828</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	-	249,083	-	-	-
County environment and education	478,024	-	-	-	-
Roads and transportation	314,132	-	-	-	-
Governmental services to residents	-	-	-	84,056	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	<u>792,156</u>	<u>249,083</u>	<u>-</u>	<u>84,056</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,051,932</u>	<u>10,429</u>	<u>202,318</u>	<u>(32,228)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>(3,049,648)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,049,648)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,284	10,429	202,318	(32,228)	-
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	365,529	172,856	-	128,974	4
<b>INCREASE (DECREASE) IN INVENTORY RESERVES</b>	<u>9,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 377,422</u>	<u>\$ 183,285</u>	<u>\$ 202,318</u>	<u>\$ 96,746</u>	<u>\$ 4</u>

Revenue Funds

Conservation Reserve	Conservation REAP	Air Pollution Title V	Debt Service	Total
\$ -	\$ -	\$ -	\$ 1,133,472	\$ 4,510,122
-	-	-	67,891	387,627
39,287	72,847	16,000	33,546	309,382
-	-	-	-	299,680
11,400	4,375	-	-	28,363
97,508	-	-	-	298,898
<u>148,195</u>	<u>77,222</u>	<u>16,000</u>	<u>1,234,909</u>	<u>5,834,072</u>
-	-	-	-	249,083
7,670	-	21,007	-	506,701
-	-	-	-	314,132
-	-	-	-	84,056
227,626	58,928	-	-	286,554
-	-	-	1,249,380	1,249,380
<u>235,296</u>	<u>58,928</u>	<u>21,007</u>	<u>1,249,380</u>	<u>2,689,906</u>
<u>(87,101)</u>	<u>18,294</u>	<u>(5,007)</u>	<u>(14,471)</u>	<u>3,144,166</u>
250,000	-	-	-	250,000
-	-	-	-	(3,049,648)
<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,799,648)</u>
162,899	18,294	(5,007)	(14,471)	344,518
114,398	115,650	114,839	17,144	1,029,394
-	-	-	-	9,609
<u>\$ 277,297</u>	<u>\$ 133,944</u>	<u>\$ 109,832</u>	<u>\$ 2,673</u>	<u>\$ 1,383,521</u>

COUNTY OF LINN, IOWA

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis. The funds included in this category and their purposes are as follows:

Employee Health and Dental Fund – To account for the County's self-insurance for health and dental insurance benefits provided by governmental funds to employees. Costs are billed to governmental funds and employees based upon historical claims experience.

Self-Insurance Fund – To account for the County's self-insurance for worker's compensation and tort. Costs are billed to governmental funds based upon actual claims and estimated incurred but not reported claims. The general fund provided the contributed capital.

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF NET ASSETS – INTERNAL SERVICE FUNDS  
JUNE 30, 2008

	Employee Health and Dental Fund	Self- Insurance Fund	Total
<b>ASSETS:</b>			
Pooled cash and investments	\$ 4,188,551	\$ 2,271,999	\$ 6,460,550
Receivables - accrued interest	-	3,167	3,167
<b>TOTAL ASSETS</b>	<u>4,188,551</u>	<u>2,275,166</u>	<u>6,463,717</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	1,448,108	623,504	2,071,612
Due to individuals and private entities	37,167	-	37,167
<b>Total current liabilities</b>	<u>1,485,275</u>	<u>623,504</u>	<u>2,108,779</u>
<b>NET ASSETS - Unrestricted</b>	<u>\$ 2,703,276</u>	<u>\$ 1,651,662</u>	<u>\$ 4,354,938</u>

COUNTY OF LINN, IOWA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET  
 ASSETS – INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2008

	Employee Health and Dental Fund	Self- Insurance Fund	Total
OPERATING REVENUES - Charges for services	\$ 9,131,256	\$ 1,000,000	\$ 10,131,256
OPERATING EXPENSES - Claims and administrative expenses	<u>8,047,125</u>	<u>1,558,391</u>	<u>9,605,516</u>
OPERATING INCOME (LOSS)	1,084,131	(558,391)	525,740
NON-OPERATING REVENUES - Interest income	<u>-</u>	<u>77,756</u>	<u>77,756</u>
CHANGE IN NET ASSETS	1,084,131	(480,635)	603,496
TOTAL NET ASSETS - BEGINNING	<u>1,619,145</u>	<u>2,132,297</u>	<u>3,751,442</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,703,276</u>	<u>\$ 1,651,662</u>	<u>\$ 4,354,938</u>

COUNTY OF LINN, IOWA  
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2008

	Employee Health and Dental Fund	Self- Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from other funds	\$ 8,954,931	\$ 1,000,000	\$ 9,954,931
Cash received from insurance claims	93,547	-	93,547
Cash received from employees	176,325	-	176,325
Cash paid to employees	(28,195)	-	(28,195)
Cash paid for insurance claims and premiums	(7,684,512)	(945,406)	(8,629,918)
Cash paid for services	(400,718)	(217,481)	(618,199)
<b>NET CASH FROM (FOR) OPERATING ACTIVITIES</b>	<b>1,111,378</b>	<b>(162,887)</b>	<b>948,491</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES - Interest on investments</b>			
	-	83,107	83,107
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,111,378</b>	<b>(79,780)</b>	<b>1,031,598</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>3,077,173</b>	<b>2,351,779</b>	<b>5,428,952</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 4,188,551</b>	<b>\$ 2,271,999</b>	<b>\$ 6,460,550</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (FOR) OPERATING ACTIVITIES:</b>			
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 1,084,131</b>	<b>\$ (558,391)</b>	<b>\$ 525,740</b>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM (FOR) OPERATING ACTIVITIES:</b>			
Increase in due to individuals and private entities	13,139	-	13,139
Increase in accounts payable	14,108	395,504	409,612
Total adjustments	27,247	395,504	422,751
<b>NET CASH FROM (FOR) OPERATING ACTIVITIES</b>	<b>\$ 1,111,378</b>	<b>\$ (162,887)</b>	<b>\$ 948,491</b>

COUNTY OF LINN, IOWA

AGENCY FUNDS

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. The funds included in this category and their purposes are as follows:

Taxing Districts – The County collects property and related state replacement taxes for other local governments. Collected taxes are apportioned and remitted to the appropriate local government. Funds included in this category are as follows:

- Agricultural Extension Service Fund
- Monies and Credits Fund
- Community College Taxing District Fund
- City Taxing Districts Fund
- School Taxing Districts Fund
- Fire Taxing Districts Fund
- Tax Financing Funds
- Township Taxing Districts Fund

County Offices and Other Agency Funds – To account for funds received by various County offices, which have 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 other governments. Funds included in this category are as follows:

- Mental Health Agency Fund
- County Recorder Agency Fund
- County Sheriff Agency Fund
- Other Agency Funds

Motor Vehicle License and Use Tax Fund – To account for motor vehicle licenses and use taxes collected for the State of Iowa.

Tax Sale Redemption Fund - To account for interest and penalty received from taxpayers for delinquent property taxes sold to individuals and private entities.

(Continued)

COUNTY OF LINN, IOWA

AGENCY FUNDS (CONTINUED)

Emergency Management Fund – To account for revenues to be used to assist the residents of the County in times of disasters.

County Assessor Fund – To account for the taxes levied to assess valuations on all properties within the County, excluding the City of Cedar Rapids, Iowa.

County Assessor Special Fund – To account for the taxes levied to perform special appraisals on valuations of properties within the County, excluding the City of Cedar Rapids, Iowa.

City Assessor Fund – To account for the taxes levied to assess valuations on properties within the City of Cedar Rapids, Iowa.

City Assessor Special Fund – To account for the taxes levied to perform special appraisals on valuations of properties within the City of Cedar Rapids, Iowa.

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2008

AGRICULTURAL EXTENSION SERVICE FUND	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>ASSETS:</b>				
Pooled cash and investments	\$ 4,437	\$ 402,464	\$ 405,073	\$ 1,828
Receivables - Property taxes:				
Delinquent	1,014	389,215	385,651	4,578
Succeeding year	403,493	418,705	403,493	418,705
Due from other governments	-	13,249	13,249	-
<b>TOTAL ASSETS</b>	<u>\$ 408,944</u>	<u>\$ 1,223,633</u>	<u>\$ 1,207,466</u>	<u>\$ 425,111</u>
<b>LIABILITIES - Due to other governments</b>	<u>\$ 408,944</u>	<u>\$ 825,747</u>	<u>\$ 809,580</u>	<u>\$ 425,111</u>
<b>MOTOR VEHICLE LICENSE AND USE TAX FUND</b>				
<hr/>				
<b>ASSETS - Pooled cash and investments</b>	<u>\$ 3,491,699</u>	<u>\$ 42,150,708</u>	<u>\$ 43,181,086</u>	<u>\$ 2,461,321</u>
<b>LIABILITIES - Due to other governments</b>	<u>\$ 3,491,699</u>	<u>\$ 42,150,708</u>	<u>\$ 43,181,086</u>	<u>\$ 2,461,321</u>
<b>MONIES AND CREDITS FUND</b>				
<hr/>				
<b>ASSETS:</b>				
Pooled cash and investments	\$ -	\$ 46,879	\$ 34,450	\$ 12,429
Receivables - Property taxes - delinquent	-	46,879	46,879	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 93,758</u>	<u>\$ 81,329</u>	<u>\$ 12,429</u>
<b>LIABILITIES - Due to other governments</b>	<u>\$ -</u>	<u>\$ 46,879</u>	<u>\$ 34,450</u>	<u>\$ 12,429</u>

(Continued)

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2008 (CONTINUED)

COMMUNITY COLLEGE TAXING DISTRICT FUND	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>ASSETS:</b>				
Pooled cash and investments	\$ 73,600	\$ 6,418,590	\$ 6,462,739	\$ 29,451
Receivables - Property taxes:				
Delinquent	16,938	6,206,096	6,149,803	73,231
Succeeding year	6,431,744	6,652,773	6,431,744	6,652,773
Due from other governments	-	212,494	212,494	-
<b>TOTAL ASSETS</b>	<b>\$ 6,522,282</b>	<b>\$ 19,489,953</b>	<b>\$ 19,256,780</b>	<b>\$ 6,755,455</b>
<b>LIABILITIES - Due to other governments</b>	<b>\$ 6,522,282</b>	<b>\$ 13,144,594</b>	<b>\$ 12,911,421</b>	<b>\$ 6,755,455</b>
 <b>CITY TAXING DISTRICTS FUND</b>				
<b>ASSETS:</b>				
Pooled cash and investments	\$ 1,076,641	\$ 90,638,264	\$ 91,323,242	\$ 391,663
Receivables:				
Property taxes:				
Delinquent	232,209	83,914,805	83,029,712	1,117,302
Succeeding year	91,268,535	98,304,895	91,268,535	98,304,895
Special assessments	18,299	88,880	69,651	37,528
Due from other governments	-	6,634,579	6,634,579	-
<b>TOTAL ASSETS</b>	<b>\$ 92,595,684</b>	<b>\$ 279,581,423</b>	<b>\$ 272,325,719</b>	<b>\$ 99,851,388</b>
<b>LIABILITIES - Due to other governments</b>	<b>\$ 92,595,684</b>	<b>\$ 190,097,989</b>	<b>\$ 182,842,285</b>	<b>\$ 99,851,388</b>
 <b>SCHOOL TAXING DISTRICTS FUND</b>				
<b>ASSETS:</b>				
Pooled cash and investments	\$ 1,332,984	\$ 119,124,520	\$ 119,913,634	\$ 543,870
Receivables - Property taxes:				
Delinquent	306,081	115,813,589	114,799,558	1,320,112
Succeeding year	119,968,308	122,206,077	119,568,308	122,606,077
Due from other governments	-	3,310,931	3,310,931	-
<b>TOTAL ASSETS</b>	<b>\$ 121,607,373</b>	<b>\$ 360,455,117</b>	<b>\$ 357,592,431</b>	<b>\$ 124,470,059</b>
<b>LIABILITIES - Due to other governments</b>	<b>\$ 121,607,373</b>	<b>\$ 242,650,709</b>	<b>\$ 239,788,023</b>	<b>\$ 124,470,059</b>

(Continued)

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2008 (CONTINUED)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>TAX SALE REDEMPTION FUND</u>				
ASSETS - Pooled cash and investments	\$ 282,351	\$ 3,079,193	\$ 3,131,838	\$ 229,706
LIABILITIES - Due to individuals and private entities	\$ 282,351	\$ 3,079,193	\$ 3,131,838	\$ 229,706
<u>MENTAL HEALTH AGENCY FUND</u>				
ASSETS - Cash - Other county officials	\$ 477,614	\$ 5,156,080	\$ 5,060,155	\$ 573,539
LIABILITIES - Due to individuals and private entities	\$ 477,614	\$ 5,156,080	\$ 5,060,155	\$ 573,539
<u>COUNTY RECORDER AGENCY FUND</u>				
ASSETS:				
Cash - Other county officials	\$ 246,426	\$ 3,492,230	\$ 3,593,784	\$ 144,872
Due from individuals and private entities	1,884	1,400	1,884	1,400
TOTAL ASSETS	\$ 248,310	\$ 3,493,630	\$ 3,595,668	\$ 146,272
LIABILITIES - Due to other governments	\$ 248,310	\$ 3,493,630	\$ 3,595,668	\$ 146,272
<u>COUNTY SHERIFF AGENCY FUND</u>				
ASSETS:				
Pooled cash and investments	\$ 15,420	\$ -	\$ -	\$ 15,420
Cash - Other county officials	311,661	7,243,371	7,029,045	525,987
TOTAL ASSETS	\$ 327,081	\$ 7,243,371	\$ 7,029,045	\$ 541,407
LIABILITIES:				
Due to other governments	\$ 62,172	\$ 676,919	\$ 665,322	\$ 73,769
Due to individuals and private entities	264,909	4,297,341	4,094,612	467,638
TOTAL LIABILITIES	\$ 327,081	\$ 4,974,260	\$ 4,759,934	\$ 541,407

(Continued)

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2008 (CONTINUED)

FIRE TAXING DISTRICTS FUND	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>ASSETS:</b>				
Pooled cash and investments	\$ 2,230	\$ 226,901	\$ 227,504	\$ 1,627
Receivables - Property taxes:				
Delinquent	936	218,327	217,295	1,968
Succeeding year	227,253	235,574	227,253	235,574
Due from other governments	-	8,574	8,574	-
<b>TOTAL ASSETS</b>	<b>\$ 230,419</b>	<b>\$ 689,376</b>	<b>\$ 680,626</b>	<b>\$ 239,169</b>
<b>LIABILITIES - Due to other governments</b>	<b>\$ 230,419</b>	<b>\$ 464,443</b>	<b>\$ 455,693</b>	<b>\$ 239,169</b>
 <b>TAX FINANCING FUNDS</b>				
<b>ASSETS:</b>				
Pooled cash and investments	\$ 168,715	\$ 16,329,651	\$ 16,368,023	\$ 130,343
Receivables - Property taxes:				
Delinquent	69,620	16,132,834	15,957,396	245,058
Succeeding year	16,505,472	16,801,231	16,505,472	16,801,231
Due from other governments	-	196,817	196,817	-
<b>TOTAL ASSETS</b>	<b>\$ 16,743,807</b>	<b>\$ 49,460,533</b>	<b>\$ 49,027,708</b>	<b>\$ 17,176,632</b>
<b>LIABILITIES - Due to other governments</b>	<b>\$ 16,743,807</b>	<b>\$ 33,375,940</b>	<b>\$ 32,943,115</b>	<b>\$ 17,176,632</b>
 <b>TOWNSHIP TAXING DISTRICTS FUND</b>				
<b>ASSETS:</b>				
Pooled cash and investments	\$ 5,401	\$ 560,181	\$ 560,590	\$ 4,992
Receivables - Property taxes:				
Delinquent	1,350	535,729	533,935	3,144
Succeeding year	559,532	584,647	559,532	584,647
Due from other governments	-	24,452	24,452	-
<b>TOTAL ASSETS</b>	<b>\$ 566,283</b>	<b>\$ 1,705,009</b>	<b>\$ 1,678,509</b>	<b>\$ 592,783</b>
<b>LIABILITIES - Due to other governments</b>	<b>\$ 566,283</b>	<b>\$ 1,147,972</b>	<b>\$ 1,121,472</b>	<b>\$ 592,783</b>

(Continued)

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2008 (CONTINUED)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>EMERGENCY MANAGEMENT FUND</u>				
ASSETS - Pooled cash and investments	\$ 85,046	\$ 565,977	\$ 573,897	\$ 77,126
LIABILITIES - Due to other governments	\$ 85,046	\$ 565,977	\$ 573,897	\$ 77,126
<u>COUNTY ASSESSOR FUND</u>				
ASSETS:				
Pooled cash and investments	\$ 129,716	\$ 745,977	\$ 667,214	\$ 208,479
Receivables - Property taxes:				
Delinquent	1,666	689,353	683,951	7,068
Succeeding year	717,393	742,420	717,393	742,420
Due from other governments	-	56,624	56,624	-
TOTAL ASSETS	\$ 848,775	\$ 2,234,374	\$ 2,125,182	\$ 957,967
LIABILITIES - Due to other governments	\$ 848,775	\$ 1,757,011	\$ 1,647,819	\$ 957,967
<u>COUNTY ASSESSOR SPECIAL FUND</u>				
ASSETS:				
Pooled cash and investments	\$ 64,616	\$ 124,774	\$ 79,215	\$ 110,175
Receivables - Property taxes:				
Delinquent	239	120,260	119,266	1,233
Succeeding year	125,234	855,766	125,234	855,766
Due from other governments	-	4,514	4,514	-
TOTAL ASSETS	\$ 190,089	\$ 1,105,314	\$ 328,229	\$ 967,174
LIABILITIES - Due to other governments	\$ 190,089	\$ 981,773	\$ 204,688	\$ 967,174

(Continued)

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2008 (CONTINUED)

CITY ASSESSOR FUND	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>ASSETS:</b>				
Pooled cash and investments	\$ 385,420	\$ 1,354,291	\$ 1,252,126	\$ 487,585
Receivables - Property taxes:				
Delinquent	3,446	1,225,463	1,213,471	15,438
Succeeding year	1,264,994	1,247,396	1,264,994	1,247,396
Due from other governments	-	128,828	128,828	-
<b>TOTAL ASSETS</b>	<u>\$ 1,653,860</u>	<u>\$ 3,955,978</u>	<u>\$ 3,859,419</u>	<u>\$ 1,750,419</u>
<b>LIABILITIES - Due to other governments</b>	<u>\$ 1,653,860</u>	<u>\$ 2,617,125</u>	<u>\$ 2,520,566</u>	<u>\$ 1,750,419</u>

CITY ASSESSOR SPECIAL FUND

<b>ASSETS:</b>				
Pooled cash and investments	\$ 989,567	\$ 433,150	\$ 208,554	\$ 1,214,163
Receivables - Property taxes:				
Delinquent	1,154	384,420	380,732	4,842
Succeeding year	399,978	449,989	399,978	449,989
Due from other governments	-	48,730	48,730	-
<b>TOTAL ASSETS</b>	<u>\$ 1,390,699</u>	<u>\$ 1,316,289</u>	<u>\$ 1,037,994</u>	<u>\$ 1,668,994</u>
<b>LIABILITIES - Due to other governments</b>	<u>\$ 1,390,699</u>	<u>\$ 887,981</u>	<u>\$ 609,686</u>	<u>\$ 1,668,994</u>

(Continued)

COUNTY OF LINN, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2008 (CONTINUED)

OTHER AGENCY FUNDS	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>ASSETS:</b>				
Cash and investments:				
Pooled cash and investments	\$ 972,486	\$ 1,455,860	\$ 1,397,119	\$ 1,031,227
Cash - Other county officials	39,688	274,301	276,478	37,511
Receivables:				
Property taxes:				
Delinquent	76	24,997	24,779	294
Succeeding year	25,939	26,999	25,939	26,999
Special assessments	59,310	377,854	364,543	72,621
Due from other governments	-	890	890	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,097,499</u></b>	<b><u>\$ 2,160,901</u></b>	<b><u>\$ 2,089,748</u></b>	<b><u>\$ 1,168,652</u></b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 1,017,363	\$ 1,046,625	\$ 1,005,781	\$ 1,058,207
Due to individuals and private entities	80,136	783,450	753,141	110,445
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1,097,499</u></b>	<b><u>\$ 1,830,075</u></b>	<b><u>\$ 1,758,922</u></b>	<b><u>\$ 1,168,652</u></b>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b>ASSETS:</b>				
Cash and investments:				
Pooled cash and investments	\$ 9,080,329	\$ 283,657,380	\$ 285,786,304	\$ 6,951,405
Cash - Other county officials	1,075,389	16,165,982	15,959,462	1,281,909
Receivables:				
Property taxes:				
Delinquent	634,729	225,701,967	223,542,428	2,794,268
Succeeding year	237,897,875	248,526,472	237,497,875	248,926,472
Special assessments	77,609	466,734	434,194	110,149
Due from other governments	-	10,640,682	10,640,682	-
Due from individuals and private entities	1,884	1,400	1,884	1,400
<b>TOTAL ASSETS</b>	<b><u>\$ 248,767,815</u></b>	<b><u>\$ 785,160,617</u></b>	<b><u>\$ 773,862,829</u></b>	<b><u>\$ 260,065,603</u></b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 247,662,805	\$ 535,932,022	\$ 524,910,552	\$ 258,684,275
Due to individuals and private entities	1,105,010	13,316,064	13,039,746	1,381,328
<b>TOTAL LIABILITIES</b>	<b><u>\$ 248,767,815</u></b>	<b><u>\$ 549,248,086</u></b>	<b><u>\$ 537,950,298</u></b>	<b><u>\$ 260,065,603</u></b>

STATISTICAL SECTION  
(UNAUDITED)

This part of the 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	Page
Financial Trends.....	76
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity.....	83
These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	
Debt Capacity.....	95
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
Demographic and Economic Information.....	100
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	
Operating Information .....	103
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.	



COUNTY OF LINN, IOWA  
NET ASSETS BY COMPONENT  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Governmental Activities</b>							
Investment in capital assets net of related debt	\$ 62,807	\$ 66,456	\$ 70,163	\$ 72,538	\$ 74,357	\$ 77,058	\$ 70,030
Restricted	8,554	9,392	6,718	9,750	14,115	16,087	15,681
Unrestricted	16,148	14,972	13,690	11,742	10,035	11,491	11,808
Total governmental activities net assets	<u>\$ 87,509</u>	<u>\$ 90,820</u>	<u>\$ 90,571</u>	<u>\$ 94,030</u>	<u>\$ 98,507</u>	<u>\$ 104,636</u>	<u>\$ 97,519</u>
<b>Business-type activities</b>							
Investment in capital assets net of related debt	\$ 31	\$ 9	\$ 60	\$ 52	\$ 45	\$ 38	\$ 16
Unrestricted	467	356	342	356	311	359	388
Total business-type activities net assets	<u>\$ 498</u>	<u>\$ 365</u>	<u>\$ 402</u>	<u>\$ 408</u>	<u>\$ 356</u>	<u>\$ 397</u>	<u>\$ 404</u>
<b>Primary government</b>							
Investment in capital assets net of related debt	\$ 62,838	\$ 66,465	\$ 70,223	\$ 72,590	\$ 74,402	\$ 77,096	\$ 70,046
Restricted	8,554	9,392	6,718	9,750	14,115	16,087	15,681
Unrestricted	16,615	15,328	14,032	12,098	10,346	11,850	12,196
Total primary government net assets	<u>\$ 88,007</u>	<u>\$ 91,185</u>	<u>\$ 90,973</u>	<u>\$ 94,438</u>	<u>\$ 98,863</u>	<u>\$ 105,033</u>	<u>\$ 97,923</u>

Note: Accrual-basis financial information for the county government as a whole is available back to the year GASB Statement 34 was implemented.

COUNTY OF LINN, IOWA  
 CHANGES IN NET ASSETS  
 LAST SIX FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (AMOUNTS EXPRESSED IN THOUSANDS)

Expenses	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:						
Public safety and legal services	\$ 17,266	\$ 18,237	\$ 17,955	\$ 19,315	\$ 20,419	\$ 20,851
Physical health and social services	12,848	13,928	14,622	15,552	17,135	17,116
Mental health	21,993	24,531	25,244	25,708	26,863	31,232
County environment and education	4,115	4,728	5,152	4,937	5,341	4,948
Roads and transportation	13,487	13,969	14,244	15,146	13,348	22,954
Governmental services to residents	2,820	3,010	3,170	2,198	3,630	3,413
Administration	9,171	8,759	9,142	9,013	9,937	17,782
Nonprogram	3	7	8	19	14	22
Interest on long-term debt	317	278	238	195	148	100
Total governmental activities	<u>82,020</u>	<u>87,447</u>	<u>89,775</u>	<u>92,083</u>	<u>96,835</u>	<u>118,418</u>
Business-type activities -						
Mental health	685	737	710	713	676	692
Total primary government expenses	<u>\$ 82,705</u>	<u>\$ 88,184</u>	<u>\$ 90,485</u>	<u>\$ 92,796</u>	<u>\$ 97,511</u>	<u>\$ 119,110</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Public safety and legal services	\$ 5,430	\$ 5,551	\$ 5,021	\$ 5,880	\$ 5,795	\$ 5,263
Mental health	7,192	7,593	8,702	10,380	9,005	9,076
Government services to residents	3,710	3,533	3,167	3,388	3,274	3,044
Other activities	5,439	6,012	3,499	3,681	3,860	4,030
Operating grants and contributions	18,780	18,555	24,219	23,333	27,314	38,300
Capital grants and contributions	-	4,599	3,799	2,611	4,156	1,295
Total governmental activities program revenues	<u>40,551</u>	<u>45,843</u>	<u>48,407</u>	<u>49,273</u>	<u>53,404</u>	<u>61,008</u>
Business-type activities -						
Charges for services	737	769	712	653	708	689
Total primary government program revenues	<u>\$ 41,288</u>	<u>\$ 46,612</u>	<u>\$ 49,119</u>	<u>\$ 49,926</u>	<u>\$ 54,112</u>	<u>\$ 61,697</u>
Net (expense)/revenue						
Governmental activities	\$ (41,469)	\$ (41,604)	\$ (41,368)	\$ (42,810)	\$ (43,431)	\$ (57,410)
Business-type activities	52	32	2	(60)	32	(3)
Total primary government net expense	<u>\$ (41,417)</u>	<u>\$ (41,572)</u>	<u>\$ (41,366)</u>	<u>\$ (42,870)</u>	<u>\$ (43,399)</u>	<u>\$ (57,413)</u>
General Revenues and Other Changes in						
Net Assets						
Governmental activities:						
Property and other county taxes	\$ 34,520	\$ 35,981	\$ 38,588	\$ 40,661	\$ 41,667	\$ 43,402
Other county taxes	5,717	2,334	2,288	2,468	2,610	2,891
State replacements and credits	2,211	1,331	1,382	1,393	1,369	1,370
Investment income	1,060	443	847	1,785	2,957	1,815
Other general revenue	1,097	1,266	915	980	957	815
Total governmental activities	<u>44,605</u>	<u>41,355</u>	<u>44,020</u>	<u>47,287</u>	<u>49,560</u>	<u>50,293</u>
Business-type activities -						
Investment income	4	2	4	8	9	10
Other general revenue	-	3	-	-	-	-
Total business-type activities	<u>4</u>	<u>5</u>	<u>4</u>	<u>8</u>	<u>9</u>	<u>10</u>
Total primary government	<u>\$ 44,609</u>	<u>\$ 41,360</u>	<u>\$ 44,024</u>	<u>\$ 47,295</u>	<u>\$ 49,569</u>	<u>\$ 50,303</u>
Change in Net Assets						
Governmental activities	\$ 3,136	\$ (249)	\$ 2,652	\$ 4,477	\$ 6,129	\$ (7,117)
Business-type activities	56	37	6	(52)	41	7
Total primary government	<u>\$ 3,192</u>	<u>\$ (212)</u>	<u>\$ 2,658</u>	<u>\$ 4,425</u>	<u>\$ 6,170</u>	<u>\$ (7,110)</u>

Note: Accrual-basis financial information for the county government as a whole is available back to the year GASB Statement 34 was implemented.

COUNTY OF LINN, IOWA  
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
 LAST SIX FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Property Taxes	Other County Taxes	Total
2003	\$ 34,520	\$ 5,717	\$ 40,237
2004	35,981	2,334	38,315
2005	38,588	2,288	40,876
2006	40,661	2,468	43,129
2007	41,667	2,610	44,277
2008	43,402	2,891	46,293

Note: Accrual-basis financial information for the county government as a whole is available back to the year GASB Statement 34 was implemented.

COUNTY OF LINN, IOWA  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	1999	2000	2001	2002	2003
General fund					
Reserved	\$ 1,691	\$ 722	\$ 730	\$ 411	\$ 1,237
Unreserved	8,770	9,597	10,217	10,901	11,987
Total general fund	<u>\$ 10,461</u>	<u>\$ 10,319</u>	<u>\$ 10,947</u>	<u>\$ 11,312</u>	<u>\$ 13,224</u>
All other governmental funds					
Reserved	\$ 1,541	\$ 4,080	\$ 1,757	\$ 2,945	\$ 3,959
Unreserved, reported in:					
Special revenue funds	6,357	5,622	5,703	5,325	4,356
Capital projects fund	2,553	3,985	5,801	3,799	2,682
	<u>\$ 10,451</u>	<u>\$ 13,687</u>	<u>\$ 13,261</u>	<u>\$ 12,069</u>	<u>\$ 10,997</u>

2004	2005	2006	2007	2008
\$ 2,784	\$ 5,771	\$ 9,855	\$ 9,788	\$ 9,606
<u>10,161</u>	<u>8,068</u>	<u>5,784</u>	<u>7,454</u>	<u>5,171</u>
<u>\$ 12,945</u>	<u>\$ 13,839</u>	<u>\$ 15,639</u>	<u>\$ 17,242</u>	<u>\$ 14,777</u>
\$ 2,948	\$ 2,600	\$ 1,439	\$ 3,481	\$ 3,183
806	1,217	2,756	2,864	2,105
<u>1,839</u>	<u>1,287</u>	<u>886</u>	<u>1,383</u>	<u>(5,409)</u>
<u>\$ 5,593</u>	<u>\$ 5,104</u>	<u>\$ 5,081</u>	<u>\$ 7,728</u>	<u>\$ (121)</u>

COUNTY OF LINN, IOWA  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS (1)  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>REVENUES:</b>				
Property taxes	\$ 32,972	\$ 34,389	\$ 31,883	\$ 32,699
Other county taxes	168	178	2,684	4,131
Interest and penalty on taxes	419	407	563	566
Intergovernmental	26,191	29,643	32,393	33,040
Licenses and permits	504	596	518	504
Charges for services	4,445	4,653	4,951	5,610
Use of money and property	2,496	3,058	3,071	2,068
Miscellaneous	478	711	1,357	884
Total revenues	<u>67,673</u>	<u>73,635</u>	<u>77,420</u>	<u>79,502</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	10,936	12,129	13,354	14,094
Court services (1)	1,276	1,390	1,459	1,378
Physical health and social services	2,100	2,400	2,633	2,931
Mental health	18,107	19,570	20,147	22,275
Social services (1)	7,068	9,062	9,785	10,239
County environment and education	3,081	3,434	3,654	4,713
Roads and transportation	9,336	9,773	9,732	9,323
Governmental services to residents	2,331	2,494	2,680	2,781
Administration	6,538	7,076	7,859	7,520
Nonprogram	69	1	1	11
Capital projects	8,132	8,540	5,371	3,114
Debt service:				
Principal	965	1,030	855	895
Interest	349	423	401	361
Total expenditures	<u>70,288</u>	<u>77,322</u>	<u>77,931</u>	<u>79,635</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,615)</b>	<b>(3,687)</b>	<b>(511)</b>	<b>(133)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of capital assets	6	112	39	82
Proceeds from sale of long-term debt	-	6,500	-	-
Provision for capital leases and installment purchases	14	52	381	43
Payment to refunded bond escrow agent	(2,260)	-	-	-
Transfers in	8,670	6,906	4,912	6,311
Transfers out	(8,670)	(6,906)	(4,912)	(6,311)
Total other financing sources (uses)	<u>(2,240)</u>	<u>6,664</u>	<u>420</u>	<u>125</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (4,855)</b>	<b>\$ 2,977</b>	<b>\$ (91)</b>	<b>\$ (8)</b>
Debt service as a percentage of noncapital expenditures	2.11%	2.11%	1.73%	1.64%

(1) For fiscal year 2003 and subsequent years, court services and social services are absorbed into other functions.

	2003	2004	2005	2006	2007	2008
\$	34,631	\$ 36,019	\$ 38,574	\$ 40,721	\$ 41,701	\$ 43,080
	5,717	2,317	2,288	2,468	2,611	2,884
	630	614	719	616	628	507
	34,973	34,473	38,417	40,339	43,185	43,325
	594	595	639	597	630	767
	6,404	6,385	6,095	6,321	6,545	6,214
	1,529	1,075	1,341	2,128	3,040	2,333
	704	806	783	704	1,080	1,217
	<u>85,182</u>	<u>82,284</u>	<u>88,856</u>	<u>93,894</u>	<u>99,420</u>	<u>100,327</u>
	16,953	17,758	17,761	19,242	20,327	20,646
	-	-	-	-	-	-
	12,736	13,600	14,629	15,399	16,940	16,961
	21,979	24,278	25,324	25,706	26,829	31,256
	-	-	-	-	-	-
	4,877	5,007	5,125	5,273	5,554	5,503
	10,687	10,601	10,821	10,362	10,504	11,782
	2,805	2,948	3,132	3,165	3,558	3,413
	8,499	8,005	8,371	8,422	9,245	10,925
	3	7	8	19	14	22
	5,590	4,365	2,137	3,240	1,139	8,919
	935	970	1,010	1,055	1,100	1,145
	320	282	241	198	153	104
	<u>85,384</u>	<u>87,821</u>	<u>88,559</u>	<u>92,081</u>	<u>95,363</u>	<u>110,676</u>
	(202)	(5,537)	297	1,813	4,057	(10,349)
	85	32	49	19	28	20
	-	-	-	-	-	-
	30	62	67	36	117	26
	-	-	-	-	-	-
	5,858	5,057	5,200	5,469	9,117	10,293
	<u>(5,683)</u>	<u>(5,057)</u>	<u>(5,200)</u>	<u>(5,469)</u>	<u>(9,117)</u>	<u>(10,293)</u>
	<u>290</u>	<u>94</u>	<u>116</u>	<u>55</u>	<u>145</u>	<u>46</u>
\$	<u>88</u>	<u>(5,443)</u>	<u>413</u>	<u>1,868</u>	<u>4,202</u>	<u>(10,303)</u>
	1.57%	1.50%	1.45%	1.41%	1.33%	1.23%

COUNTY OF LINN, IOWA  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(AMOUNTS EXPRESSED IN THOUSANDS)

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<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Utility Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>
1999	\$ 2,951,315	\$ 1,678,189	\$ 361,294	\$ 580,464	\$ 231,719	\$ 339,281
2000	3,130,459	1,805,315	375,217	577,015	239,554	305,352
2001	3,151,355	1,891,168	386,293	548,655	289,042	228,807
2002	3,363,189	2,006,057	395,861	542,304	298,897	148,728
2003	3,565,671	2,245,676	410,162	544,355	298,623	57,855
2004	3,677,287	2,356,652	414,471	559,510	298,165	-
2005	3,751,299	2,543,207	443,000	484,708	255,051	-
2006	3,864,415	2,584,199	443,702	490,181	254,498	-
2007	4,055,625	2,584,353	435,247	492,447	266,977	-
2008	4,178,207	2,633,134	369,663	527,031	266,328	-

(1) Per \$1,000 of taxable value.

(2) Includes tax incremental financing value and military exemption.

Less: Tax Incremental Financing Value	Less: Military Exemption	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value (2)
\$ 275,471	\$ 25,490	\$ 5,841,301	\$ 5.38110	\$ 8,319,431	73.83%
296,726	25,302	6,110,884	5.31110	8,523,126	75.48%
288,009	25,070	6,182,241	5.31110	8,810,717	73.72%
342,957	25,017	6,387,062	5.24684	9,001,270	75.05%
438,366	24,854	6,659,122	5.25419	10,046,191	70.90%
363,745	24,665	6,917,675	5.29322	10,396,396	70.28%
432,714	24,268	7,020,283	5.51347	11,113,542	67.28%
444,488	23,985	7,168,522	5.73231	11,509,112	66.36%
496,226	23,654	7,314,769	5.69014	12,280,788	63.80%
508,771	23,387	7,442,205	5.88629	12,789,950	62.35%

COUNTY OF LINN, IOWA

PROPERTY TAX RATES PER \$1,000 TAXABLE VALUE – ALL DIRECT AND OVERLAPPING  
GOVERNMENTS  
LAST TEN FISCAL YEARS

Fiscal Year	Taxing Body	City of Cedar Rapids					City of Hiawatha
		Cedar Rapids Schools	College Community Schools	Marion Schools	Linn-Mar Schools		
1999	City	\$ 12.32432	\$ 12.32432	\$ 12.32432	\$ 12.32432	\$ 10.34467	
	School District	12.48780	12.96040	17.24456	16.25259	12.48780	
	Kirkwood Comm						
	College	0.56710	0.56710	0.56710	0.56710	0.56710	
	Assessor	0.24225	0.24225	0.24225	0.24225	0.26194	
	County	5.38110	5.38110	5.38110	5.38110	5.38110	
	Other (1)	0.03068	0.03068	0.03068	0.03068	0.03068	
	Total Levy	<u>\$ 31.03325</u>	<u>\$ 31.50585</u>	<u>\$ 35.79001</u>	<u>\$ 34.79804</u>	<u>\$ 29.07329</u>	
Percent of Linn County to totals		<u>17.34%</u>	<u>17.08%</u>	<u>15.04%</u>	<u>15.46%</u>	<u>18.51%</u>	
2000	City	\$ 12.40000	\$ 12.40000	\$ 12.40000	\$ 12.40000	\$ 10.87986	
	School District	11.88387	12.94536	16.71068	15.94591	11.88387	
	Kirkwood Comm						
	College	0.61327	0.61327	0.61327	0.61327	0.61327	
	Assessor	0.28772	0.28772	0.28772	0.28772	0.24999	
	County	5.31110	5.31110	5.31110	5.31110	5.31110	
	Other (1)	0.02955	0.02955	0.02955	0.02955	0.02955	
	Total Levy	<u>\$ 30.52551</u>	<u>\$ 31.58700</u>	<u>\$ 35.35232</u>	<u>\$ 34.58755</u>	<u>\$ 28.96764</u>	
Percent of Linn County to totals		<u>17.40%</u>	<u>16.81%</u>	<u>15.02%</u>	<u>15.36%</u>	<u>18.34%</u>	
2001	City	\$ 12.74497	\$ 12.74497	\$ 12.74497	\$ 12.74497	\$ 10.85444	
	School District	12.40887	12.92737	17.93205	15.93025	12.40887	
	Kirkwood Comm						
	College	0.60724	0.60724	0.60724	0.60724	0.60724	
	Assessor	0.34142	0.34142	0.34142	0.34142	0.23777	
	County	5.31110	5.31110	5.31110	5.31110	5.31110	
	Other (1)	0.02926	0.02926	0.02926	0.02926	0.02926	
	Total Levy	<u>\$ 31.44286</u>	<u>\$ 31.96136</u>	<u>\$ 36.96604</u>	<u>\$ 34.96424</u>	<u>\$ 29.44868</u>	
Percent of Linn County to totals		<u>16.89%</u>	<u>16.62%</u>	<u>14.37%</u>	<u>15.19%</u>	<u>18.04%</u>	

<u>City of Marion</u>							
<u>Cedar Rapids Schools</u>	<u>Marion Schools</u>	<u>Linn-Mar Schools</u>	<u>City of Mount Vernon</u>	<u>City of Center Point</u>	<u>City of Lisbon</u>	<u>City of Robins</u>	
\$ 12.46129	\$ 12.46129	\$ 12.46129	\$ 12.63333	\$ 9.31854	\$ 12.89424	\$ 9.00902	
12.48780	17.24456	16.25259	13.04683	17.10375	14.82057	12.48780	
0.56710	0.56710	0.56710	0.56710	0.56710	0.56710	0.56710	
0.26194	0.26194	0.26194	0.26194	0.26194	0.26194	0.26194	
5.38110	5.38110	5.38110	5.38110	5.38110	5.38110	5.38110	
0.03068	0.03068	0.03068	0.03068	0.03068	0.03068	0.03068	
<u>\$ 31.18991</u>	<u>\$ 35.94667</u>	<u>\$ 34.95470</u>	<u>\$ 31.92098</u>	<u>\$ 32.66311</u>	<u>\$ 33.95563</u>	<u>\$ 27.73764</u>	
<u>17.25%</u>	<u>14.97%</u>	<u>15.39%</u>	<u>16.86%</u>	<u>16.48%</u>	<u>15.85%</u>	<u>19.40%</u>	
\$ 12.39855	\$ 12.39855	\$ 12.39855	\$ 12.63336	\$ 9.83413	\$ 12.73964	\$ 9.04591	
11.88387	16.71068	15.94591	12.85178	16.17417	13.95671	11.88387	
0.61327	0.61327	0.61327	0.61327	0.61327	0.61327	0.61327	
0.24999	0.24999	0.24999	0.24999	0.24999	0.24999	0.24999	
5.31110	5.31110	5.31110	5.31110	5.31110	5.31110	5.31110	
0.02955	0.02955	0.02955	0.02955	0.02955	0.02955	0.02955	
<u>\$ 30.48633</u>	<u>\$ 35.31314</u>	<u>\$ 34.54837</u>	<u>\$ 31.68905</u>	<u>\$ 32.21221</u>	<u>\$ 32.90026</u>	<u>\$ 27.13369</u>	
<u>17.42%</u>	<u>15.04%</u>	<u>15.37%</u>	<u>16.76%</u>	<u>16.49%</u>	<u>16.14%</u>	<u>19.57%</u>	
\$ 12.75826	\$ 12.75826	\$ 12.75826	\$ 12.98883	\$ 9.85935	\$ 11.94278	\$ 9.04828	
12.40887	17.93205	15.93025	13.02780	15.83234	14.38636	12.40887	
0.60724	0.60724	0.60724	0.60724	0.60724	0.60724	0.60724	
0.23777	0.23777	0.23777	0.23777	0.23777	0.23777	0.23777	
5.31110	5.31110	5.31110	5.31110	5.31110	5.31110	5.31110	
0.02926	0.02926	0.02926	0.02926	0.02926	0.02926	0.02926	
<u>\$ 31.35250</u>	<u>\$ 36.87568</u>	<u>\$ 34.87388</u>	<u>\$ 32.20200</u>	<u>\$ 31.87706</u>	<u>\$ 32.51451</u>	<u>\$ 27.64252</u>	
<u>16.94%</u>	<u>14.40%</u>	<u>15.23%</u>	<u>16.49%</u>	<u>16.66%</u>	<u>16.34%</u>	<u>19.21%</u>	

(Continued)

COUNTY OF LINN, IOWA

PROPERTY TAX RATES PER \$1,000 TAXABLE VALUE – ALL DIRECT AND OVERLAPPING  
GOVERNMENTS  
LAST TEN FISCAL YEARS (CONTINUED)

Fiscal Year	Taxing Body	City of Cedar Rapids					City of Hiawatha
		Cedar Rapids Schools	College Community Schools	Marion Schools	Linn-Mar Schools		
2002	City	\$ 13.04000	\$ 13.04000	\$ 13.04000	\$ 13.04000	\$ 10.93415	
	School District	12.94707	13.72416	17.96868	16.52524	12.94707	
	Kirkwood Comm						
	College	0.60687	0.60687	0.60687	0.60687	0.60687	
	Assessor	0.37126	0.37126	0.37126	0.37126	0.23136	
	County	5.24684	5.24684	5.24684	5.24684	5.24684	
	Other (1)	0.04143	0.04143	0.04143	0.04143	0.04143	
	Total Levy	<u>\$ 32.25347</u>	<u>\$ 33.03056</u>	<u>\$ 37.27508</u>	<u>\$ 35.83164</u>	<u>\$ 30.00772</u>	
Percent of Linn County to totals		<u>16.27%</u>	<u>15.88%</u>	<u>14.08%</u>	<u>14.64%</u>	<u>17.48%</u>	
2003	City	\$ 12.82969	\$ 12.82969	\$ 12.82969	\$ 12.82969	\$ 11.11468	
	School District	15.35946	14.39975	15.35946	16.90663	15.35946	
	Kirkwood Comm						
	College	0.66634	0.66634	0.66634	0.66634	0.66634	
	Assessor	0.35185	0.35185	0.35185	0.35185	0.25234	
	County	5.25419	5.25419	5.25419	5.25419	5.25419	
	Other (1)	0.04302	0.04302	0.04302	0.04302	0.04302	
	Total Levy	<u>\$ 34.50455</u>	<u>\$ 33.54484</u>	<u>\$ 34.50455</u>	<u>\$ 36.05172</u>	<u>\$ 32.69003</u>	
Percent of Linn County to totals		<u>15.23%</u>	<u>15.66%</u>	<u>15.23%</u>	<u>14.57%</u>	<u>16.07%</u>	
2004	City	\$ 13.06777	\$ 13.06777	\$ 13.06777	\$ 13.06777	\$ 11.31981	
	School District	15.36838	14.73088	17.81127	16.89647	15.36838	
	Kirkwood Comm						
	College	0.67924	0.67924	0.67924	0.67924	0.67924	
	Assessor	0.35361	0.35361	0.35361	0.35361	0.25500	
	County	5.29322	5.29322	5.29322	5.29322	5.29322	
	Other (1)	0.04302	0.04302	0.04302	0.04302	0.04302	
	Total Levy	<u>\$ 34.80524</u>	<u>\$ 34.16774</u>	<u>\$ 37.24813</u>	<u>\$ 36.33333</u>	<u>\$ 32.95867</u>	
Percent of Linn County to totals		<u>15.21%</u>	<u>15.49%</u>	<u>14.21%</u>	<u>14.57%</u>	<u>16.06%</u>	
2005	City	\$ 13.11797	\$ 13.11797	\$ 13.11797	\$ 13.11797	\$ 12.01697	
	School District	15.74784	15.11410	16.82045	17.76825	15.74784	
	Kirkwood Comm						
	College	0.66276	0.66276	0.66276	0.66276	0.66276	
	Assessor	0.36120	0.36120	0.36120	0.36120	0.26125	
	County	5.51347	5.51347	5.51347	5.51347	5.51347	
	Other (1)	0.05129	0.05129	0.05129	0.05129	0.05129	
	Total Levy	<u>\$ 35.45453</u>	<u>\$ 34.82079</u>	<u>\$ 36.52714</u>	<u>\$ 37.47494</u>	<u>\$ 34.25358</u>	
Percent of Linn County to totals		<u>15.55%</u>	<u>15.83%</u>	<u>15.09%</u>	<u>14.71%</u>	<u>16.10%</u>	

<u>City of Marion</u>							
<u>Cedar Rapids Schools</u>	<u>Marion Schools</u>	<u>Linn-Mar Schools</u>	<u>City of Mount Vernon</u>	<u>City of Center Point</u>	<u>City of Lisbon</u>	<u>City of Robins</u>	
\$ 12.78971	\$ 12.78971	\$ 12.78971	\$ 12.99335	\$ 10.32609	\$ 12.64935	\$ 8.61467	
12.94707	17.96868	16.52524	14.41244	15.70825	14.05935	12.94707	
0.60687	0.60687	0.60687	0.60687	0.60687	0.60687	0.60687	
0.23136	0.23136	0.23136	0.23136	0.23136	0.23136	0.23136	
5.24684	5.24684	5.24684	5.24684	5.24684	5.24684	5.24684	
0.04143	0.04143	0.04143	0.04143	0.04143	0.04143	0.04143	
<u>\$ 31.86328</u>	<u>\$ 36.88489</u>	<u>\$ 35.44145</u>	<u>\$ 33.53229</u>	<u>\$ 32.16084</u>	<u>\$ 32.83520</u>	<u>\$ 27.68824</u>	
<u>16.47%</u>	<u>14.22%</u>	<u>14.80%</u>	<u>15.65%</u>	<u>16.31%</u>	<u>15.98%</u>	<u>18.95%</u>	
\$ 13.25744	\$ 13.25744	\$ 13.25744	\$ 12.99347	\$ 9.61047	\$ 12.66835	\$ 8.58425	
15.35946	15.35946	16.90663	14.47556	16.36566	14.21345	15.35946	
0.66634	0.66634	0.66634	0.66634	0.66634	0.66634	0.66634	
0.25234	0.25234	0.25234	0.25234	0.25234	0.25234	0.25234	
5.25419	5.25419	5.25419	5.25419	5.25419	5.25419	5.25419	
0.04302	0.04302	0.04302	0.04302	0.04302	0.04302	0.04302	
<u>\$ 34.83279</u>	<u>\$ 34.83279</u>	<u>\$ 36.37996</u>	<u>\$ 33.68492</u>	<u>\$ 32.19202</u>	<u>\$ 33.09769</u>	<u>\$ 30.15960</u>	
<u>15.08%</u>	<u>15.08%</u>	<u>14.44%</u>	<u>15.60%</u>	<u>16.32%</u>	<u>15.87%</u>	<u>17.42%</u>	
\$ 13.46667	\$ 13.46667	\$ 13.46667	\$ 12.99347	\$ 9.82809	\$ 12.67468	\$ 8.55126	
15.36838	17.81127	16.89647	15.23657	16.45703	15.80870	15.36838	
0.67924	0.67924	0.67924	0.67924	0.67924	0.67924	0.67924	
0.25500	0.25500	0.25500	0.25500	0.25500	0.25500	0.25500	
5.29322	5.29322	5.29322	5.29322	5.29322	5.29322	5.29322	
0.04302	0.04302	0.04302	0.04302	0.04302	0.04302	0.04302	
<u>\$ 35.10553</u>	<u>\$ 37.54842</u>	<u>\$ 36.63362</u>	<u>\$ 34.50052</u>	<u>\$ 32.55560</u>	<u>\$ 34.75386</u>	<u>\$ 30.19012</u>	
<u>15.08%</u>	<u>14.10%</u>	<u>14.45%</u>	<u>15.34%</u>	<u>16.26%</u>	<u>15.23%</u>	<u>17.53%</u>	
\$ 13.65104	\$ 13.65104	\$ 13.65104	\$ 12.99346	\$ 9.92352	\$ 12.67785	\$ 8.54268	
15.74784	16.82045	17.76825	17.94000	18.16832	15.82366	15.74784	
0.66276	0.66276	0.66276	0.66276	0.66276	0.66276	0.66276	
0.26125	0.26125	0.26125	0.26125	0.26125	0.26125	0.26125	
5.51347	5.51347	5.51347	5.51347	5.51347	5.51347	5.51347	
0.05129	0.05129	0.05129	0.05129	0.05129	0.05129	0.05129	
<u>\$ 35.88765</u>	<u>\$ 36.96026</u>	<u>\$ 37.90806</u>	<u>\$ 37.42223</u>	<u>\$ 34.58061</u>	<u>\$ 34.99028</u>	<u>\$ 30.77929</u>	
<u>15.36%</u>	<u>14.92%</u>	<u>14.54%</u>	<u>14.73%</u>	<u>15.94%</u>	<u>15.76%</u>	<u>17.91%</u>	

(Continued)

COUNTY OF LINN, IOWA

PROPERTY TAX RATES PER \$1,000 TAXABLE VALUE – ALL DIRECT AND OVERLAPPING  
GOVERNMENTS  
LAST TEN FISCAL YEARS (CONTINUED)

Fiscal Year	Taxing Body	City of Cedar Rapids					City of Hiawatha
		Cedar Rapids Schools	College Community Schools	Marion Schools	Linn-Mar Schools		
2006	City	\$ 13.98997	\$ 13.98997	\$ 13.98997	\$ 13.98997	\$ 12.14137	
	School District	15.25042	15.21947	16.81459	17.99931	15.25042	
	Kirkwood Comm						
	College	0.64894	0.64894	0.64894	0.64894	0.64894	
	Assessor	0.35819	0.35819	0.35819	0.35819	0.26716	
	County	5.73231	5.73231	5.73231	5.73231	5.73231	
	Other (1)	0.05492	0.05492	0.05492	0.05492	0.05492	
	Total Levy	<u>\$ 36.03475</u>	<u>\$ 36.00380</u>	<u>\$ 37.59892</u>	<u>\$ 38.78364</u>	<u>\$ 34.09512</u>	
Percent of Linn County to totals		<u>15.91%</u>	<u>15.92%</u>	<u>15.25%</u>	<u>14.78%</u>	<u>16.81%</u>	
2007	City	\$ 14.38608	\$ 14.38608	\$ 14.38608	\$ 14.38608	\$ 12.43336	
	School District	14.90212	17.33321	16.80183	18.81657	14.90212	
	Kirkwood Comm						
	College	0.87249	0.87249	0.87249	0.87249	0.87249	
	Assessor	0.35819	0.35819	0.35819	0.35819	0.30872	
	County	5.69014	5.69014	5.69014	5.69014	5.69014	
	Other (1)	0.05732	0.05732	0.05732	0.05732	0.05732	
	Total Levy	<u>\$ 36.26634</u>	<u>\$ 38.69743</u>	<u>\$ 38.16605</u>	<u>\$ 40.18079</u>	<u>\$ 34.26415</u>	
Percent of Linn County to totals		<u>15.69%</u>	<u>14.70%</u>	<u>14.91%</u>	<u>14.16%</u>	<u>16.61%</u>	
2008	City	\$ 14.61610	\$ 14.61610	\$ 14.61610	\$ 14.61610	\$ 13.46518	
	School District	14.37481	17.33832	16.80516	19.39588	14.37481	
	Kirkwood Comm						
	College	0.85526	0.85526	0.85526	0.85526	0.85526	
	Assessor	0.35009	0.35009	0.35009	0.35009	0.31711	
	County	5.88629	5.88629	5.88629	5.88629	5.88629	
	Other (1)	0.05792	0.05792	0.05792	0.05792	0.05792	
	Total Levy	<u>\$ 36.14047</u>	<u>\$ 39.10398</u>	<u>\$ 38.57082</u>	<u>\$ 41.16154</u>	<u>\$ 34.95657</u>	
Percent of Linn County to totals		<u>16.29%</u>	<u>15.05%</u>	<u>15.26%</u>	<u>14.30%</u>	<u>16.84%</u>	

(1) County Agricultural Extension and state levy

- Included in this report are the major cities and towns within Linn County. Not shown are the Rural Services Fund of the county and the following taxing bodies over and above the cities and towns listed:
- a. 11 cities with a population under 1,800
  - b. 19 townships
  - c. 7 benefited fire districts

<u>City of Marion</u>							
<u>Cedar Rapids Schools</u>	<u>Marion Schools</u>	<u>Linn-Mar Schools</u>	<u>City of Mount Vernon</u>	<u>City of Center Point</u>	<u>City of Lisbon</u>	<u>City of Robins</u>	
\$ 13.98551	\$ 13.98551	\$ 13.98551	\$ 12.99994	\$ 11.29117	\$ 12.67694	\$ 8.69792	
15.25042	16.81459	17.99931	18.18924	17.06225	17.18555	15.25042	
0.64894	0.64894	0.64894	0.64894	0.64894	0.64894	0.64894	
0.26716	0.26716	0.26716	0.26716	0.26716	0.26716	0.26716	
5.73231	5.73231	5.73231	5.73231	5.73231	5.73231	5.73231	
0.05492	0.05492	0.05492	0.05492	0.05492	0.05492	0.05492	
<u>\$ 35.93926</u>	<u>\$ 37.50343</u>	<u>\$ 38.68815</u>	<u>\$ 37.89251</u>	<u>\$ 35.05675</u>	<u>\$ 36.56582</u>	<u>\$ 30.65167</u>	
<u>15.95%</u>	<u>15.28%</u>	<u>14.82%</u>	<u>15.13%</u>	<u>16.35%</u>	<u>15.68%</u>	<u>18.70%</u>	
\$ 13.95525	\$ 13.95525	\$ 13.95525	\$ 12.99985	\$ 11.27967	\$ 12.65313	\$ 9.32643	
14.90212	16.80183	18.81657	17.85267	17.92625	17.48988	14.90212	
0.87249	0.87249	0.87249	0.87249	0.87249	0.87249	0.87249	
0.30872	0.30872	0.30872	0.30872	0.30872	0.30872	0.30872	
5.69014	5.69014	5.69014	5.69014	5.69014	5.69014	5.69014	
0.05732	0.05732	0.05732	0.05732	0.05732	0.05732	0.05732	
<u>\$ 35.78604</u>	<u>\$ 37.68575</u>	<u>\$ 39.70049</u>	<u>\$ 37.78119</u>	<u>\$ 36.13459</u>	<u>\$ 37.07168</u>	<u>\$ 31.15722</u>	
<u>15.90%</u>	<u>15.10%</u>	<u>14.33%</u>	<u>15.06%</u>	<u>15.75%</u>	<u>15.35%</u>	<u>18.26%</u>	
\$ 13.78572	\$ 13.78572	\$ 13.78572	\$ 12.99986	\$ 9.97409	\$ 12.64942	\$ 9.33124	
14.37481	16.80516	19.39588	17.65642	17.74919	17.69514	14.37481	
0.85526	0.85526	0.85526	0.85526	0.85526	0.85526	0.85526	
0.31711	0.31711	0.31711	0.31711	0.31711	0.31711	0.31711	
5.88629	5.88629	5.88629	5.88629	5.88629	5.88629	5.88629	
0.05792	0.05792	0.05792	0.05792	0.05792	0.05792	0.05792	
<u>\$ 35.27711</u>	<u>\$ 37.70746</u>	<u>\$ 40.29818</u>	<u>\$ 37.77286</u>	<u>\$ 34.83986</u>	<u>\$ 37.46114</u>	<u>\$ 30.82263</u>	
<u>16.69%</u>	<u>15.61%</u>	<u>14.61%</u>	<u>15.58%</u>	<u>16.90%</u>	<u>15.71%</u>	<u>19.10%</u>	

COUNTY OF LINN, IOWA

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS AGO  
(AMOUNTS EXPRESSED IN THOUSANDS)

Taxpayer	Type of Business	2008		
		Taxable Value (1)	Rank	Percentage of Taxable Value
Alliant Industries	Utility	\$ 271,015	1	3.64%
ADM Corn Processing	Grain Milling	92,946	2	1.25%
Aegon	Insurance	75,551	3	1.02%
Weyerhaeuser	Manufacturing	48,073	4	0.65%
Rockwell International	Electronics Manufacturer	44,713	5	0.60%
Quest	Utility	41,430	6	0.56%
OPM LC	Real Estate	35,328	7	0.48%
Lindale Mall	Shopping Mall	35,215	8	0.47%
Hy-Vee Food Stores, Inc	Grocery	32,635	9	0.44%
Midamerican Energy	Utility	30,565	10	0.41%
PMX	Manufacturing	-		-
HNW Associates (Westdale)	Shopping Mall	-		-
General Mills	Grain Milling	-		-
Cargill, Incorporated	Grain Milling	-		-
Total		<u>\$ 707,471</u>		<u>9.51%</u>

(1) As of January 1, 2006  
Source: Linn County Auditor's Office

(2) As of January 1, 1997  
Source: Linn County Auditor's Office

1999		
Taxable Value (2)	Rank	Percentage of Taxable Value
\$ 419,823	1	7.19%
71,307	3	1.22%
48,407	5	-
-		-
103,637	2	1.77%
45,806	6	0.78%
-		-
-		-
-		-
38,202	10	0.65%
64,730	4	1.11%
45,528	7	0.78%
39,845	8	0.68%
<u>38,284</u>	9	0.66%
<u>\$ 915,569</u>		<u>15.67%</u>

COUNTY OF LINN, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS  
 (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Levy (1)	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (2)
		Amount	Percentage of the Levy	
1999	\$ 180,416	\$ 179,903	99.72%	\$ 409
2000	187,404	186,770	99.66%	782
2001	179,350	178,975	99.79%	239
2002	191,802	191,154	99.66%	270
2003	214,318	212,849	99.31%	1,077
2004	222,054	220,780	99.43%	978
2005	236,686	235,967	99.70%	660
2006	246,749	245,310	99.42%	317
2007	259,482	259,283	99.92%	388
2008	263,804	261,563	99.15%	(579)

(1) Years 1999 and 2000 included gas and electric utilities which in subsequent years were reported as other county taxes.

(2) Delinquent tax collections reflect the amounts of delinquent taxes received during the year. Information is not available as to the years for which the delinquent tax collections apply.

(3) Total tax collections solely for Linn County were:

1999	\$ 32,972
2000	34,389
2001	31,883
2002	32,699
2003	34,631
2004	36,019
2005	38,574
2006	40,720
2007	41,701
2008	43,080

Total Tax Collections		
	Amount (3)	Percentage of the Levy
\$	180,312	99.94%
	187,552	100.08%
	179,214	99.92%
	191,424	99.80%
	213,926	99.82%
	221,758	99.87%
	236,627	99.98%
	245,627	99.55%
	259,671	100.07%
	260,984	98.93%

COUNTY OF LINN, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)

Fiscal Year	General Obligation Bonds	Capital Leases	Total	Percentage of Personal Income (1)	Percentage of Taxable Value (2)	Debt Per Capita (1)
1999	\$ 3,695	\$ 60	\$ 3,755	0.06%	0.06%	\$ 19.77
2000	9,165	79	9,244	0.14%	0.15%	48.07
2001	8,310	389	8,699	0.13%	0.14%	44.77
2002	7,415	357	7,772	0.12%	0.12%	39.66
2003	6,480	299	6,779	0.10%	0.10%	34.45
2004	5,510	268	5,778	0.09%	0.08%	29.14
2005	4,500	235	4,735	0.07%	0.07%	23.64
2006	3,445	179	3,624	0.05%	0.05%	17.88
2007	2,345	182	2,527	0.04%	0.03%	12.28
2008	1,200	94	1,294	0.02%	0.02%	6.23

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographics and Economic Statistics on page 100 for personal income and population data.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages 83-84.

COUNTY OF LINN, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Taxable Value of Property	Per Capita (2)
1999	\$ 3,695	\$ 117	\$ 3,578	0.06%	\$ 18.84
2000	9,165	20	9,145	0.15%	47.56
2001	8,310	94	8,216	0.13%	42.28
2002	7,415	87	7,328	0.11%	37.40
2003	6,480	35	6,445	0.10%	32.75
2004	5,510	27	5,483	0.08%	27.66
2005	4,500	26	4,474	0.06%	22.33
2006	3,445	18	3,427	0.05%	16.91
2007	2,345	17	2,328	0.03%	11.31
2008	1,200	3	1,197	0.02%	5.76

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages 83-84.

(2) Population data can be found in the Schedule of Demographics and Economic Statistics on page 100.

COUNTY OF LINN, IOWA

LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(AMOUNTS EXPRESSED IN THOUSANDS)

					Fiscal
	1999	2000	2001	2002	2003
Debt limit	\$ 429,745	\$ 440,993	\$ 454,936	\$ 467,211	\$ 524,228
Total net debt applicable to limit	<u>(3,695)</u>	<u>(9,165)</u>	<u>(8,310)</u>	<u>(7,415)</u>	<u>(6,480)</u>
Legal debt margin	<u>\$ 426,050</u>	<u>\$ 431,828</u>	<u>\$ 446,626</u>	<u>\$ 459,796</u>	<u>\$ 517,748</u>
 Total net debt applicable to limit as a percentage of debt limit	 0.86%	 2.08%	 1.83%	 1.59%	 1.24%

Note: Under state law, the County's outstanding general obligation debt should not exceed 5 percent of total actual value.

<u>Year</u>				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 538,007	\$ 577,313	\$ 597,680	\$ 638,851	\$ 664,936
<u>(5,510)</u>	<u>(4,500)</u>	<u>(3,445)</u>	<u>(2,345)</u>	<u>(1,200)</u>
<u>\$ 532,497</u>	<u>\$ 572,813</u>	<u>\$ 594,235</u>	<u>\$ 636,506</u>	<u>\$ 663,736</u>
1.02%	0.78%	0.58%	0.37%	0.18%

Legal Debt Margin Calculation for Fiscal 2008

2006 actual valuation of property	\$12,813,336
Plus: TIF increment	508,771
Less: military exemption	<u>(23,387)</u>
Actual value for debt limit calculations	13,298,720
Multiply by 5%	<u>0.05</u>
Debt limit	664,936
Less: outstanding general obligation debt	<u>(1,200)</u>
Legal debt margin	<u>\$ 663,736</u>

COUNTY OF LINN, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2008  
(AMOUNTS EXPRESSED IN THOUSANDS)

Government Unit	General Obligation Debt Outstanding	Percentage Applicable (1)	Amount Applicable To Linn County
Direct - Linn County	\$ 1,200,000	100.00%	\$ 1,200,000
Overlapping:			
School Districts:			
Alburnett	2,765,000	100.00%	2,765,000
Anamosa	1,010,000	5.99%	60,499
Cedar Rapids	35,350,000	100.00%	35,350,000
Center Point	7,500,000	63.32%	4,749,000
Central City	4,290,000	100.00%	4,290,000
College Community	69,005,000	85.61%	59,075,181
Linn-Mar	56,485,000	100.00%	56,485,000
Lisbon	2,325,000	64.57%	1,501,253
Marion	3,535,000	100.00%	3,535,000
Monticello	4,910,000	1.73%	84,943
Mount Vernon	8,380,000	97.21%	8,146,198
North Linn	2,395,000	66.09%	1,582,856
Solon	7,840,000	0.49%	38,416
Springville	255,000	100.00%	255,000
Kirkwood Community College	20,400,000	46.47%	9,479,880
Cities:			
Alburnett	475,000	100.00%	475,000
Cedar Rapids	82,930,304	100.00%	82,930,304
Center Point	647,979	100.00%	647,979
Central City	950,000	100.00%	950,000
Coggon	65,000	100.00%	65,000
Ely	730,000	100.00%	730,000
Fairfax	3,355,000	100.00%	3,355,000
Hiawatha	16,260,000	100.00%	16,260,000
Lisbon	1,040,000	100.00%	1,040,000
Marion	14,765,000	100.00%	14,765,000
Mount Vernon	5,105,000	100.00%	5,105,000
Robins	6,155,000	100.00%	6,155,000
Springville	1,217,404	100.00%	1,217,404
Walker	56,000	100.00%	56,000
Fire Districts - Fire District #4	11,200	100.00%	11,200
Subtotal Overlapping Debt	360,207,887		321,161,113
Total Direct and Overlapping Debt	\$ 361,407,887		\$ 322,361,113

Sources: Assessed value data used to estimate applicable percentages provide by the Linn County Auditor. Debt outstanding provided by each of the governmental units.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding general obligation debt that is borne by the residents and businesses of Linn County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated by using assessed property values. Applicable percentages were estimated by determining the portion of each entity's taxable assessment value that is within the County's boundaries and dividing it by the entities total assessed value.

COUNTY OF LINN, IOWA

DEMOGRAPHICS AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (amount expressed in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (3)</u>	<u>Private School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1999	189,930	\$ 6,316,689	\$ 33,258	\$ 35.21	32,091	3,050	1.9%
2000	192,293	6,532,695	33,973	35.28	32,448	3,075	1.7%
2001	194,320	6,444,378	33,164	35.50	31,075	2,751	2.3%
2002	195,955	6,497,291	33,157	35.75	32,141	2,675	3.8%
2003	196,799	6,519,520	33,128	36.02	32,657	3,020	4.5%
2004	198,261	6,645,812	33,521	36.28	32,857	3,018	4.6%
2005	200,338	6,778,933	33,837	36.49	33,166	3,172	4.6%
2006	202,673	6,980,410	34,442	36.71	33,410	3,246	3.7%
2007	205,836	7,103,229	34,509	36.88	34,076	3,240	3.7%
2008	207,696	7,209,614	34,712	37.04	33,837	3,372	3.9%

(1) Source: Woods & Poole Economics, Inc.

(2) Source: Woods & Poole Economics, Inc. Expressed in 2004 dollars.

(3) Source: Grant Wood Area Education Agency.

(4) Source: Iowa Workforce Development.

COUNTY OF LINN, IOWA

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2007		
	Employees	Rank	Percentage of Total County Employment
Rockwell Collins Inc.	9,000	1	5.36%
Cedar Rapids Community Schools	2,900	2	1.73%
AEGON USA, Inc.	2,800	3	1.67%
St. Luke's Hospital	2,800	4	1.67%
Whirlpool Corporation	2,650	5	1.58%
Hy-Vee Food Stores	2,545	6	1.52%
Mercy Medical Center	2,498	7	1.49%
City of Cedar Rapids	1,493	8	0.89%
Kirkwood Community College	1,410	9	0.84%
Walmart Stores, Inc	1,030	10	0.61%
MCI Worldcom, Inc	-		
Alliant Energy-Interstate Power and Light	-		
McLeodUSA	-		
	<u>29,126</u>		17.36%

Sources: Cedar Rapids Chamber of Commerce, Woods and Poole Economics

Note: Total employment encompasses the Cedar Rapids Metropolitan Statistical Area

Fiscal Year 1998		
Employees	Rank	Percentage of Total County Employment
6,300	1	4.56%
2,472	3	1.79%
1,279	10	0.93%
2,250	5	1.63%
2,950	2	2.13%
1,700	7	1.23%
1,284	9	
-		
-		
1,600	8	1.16%
2,282	4	1.65%
1,966	6	1.42%
<u>24,083</u>		17.42%

COUNTY OF LINN, IOWA  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS

Function	Fiscal			
	1999	2000	2001	2002
<b>Public Safety and Legal Services:</b>				
Correctional facility inmate bookings	11,337	11,587	11,595	13,222
Correctional facility average daily population	233	256	271	344
<b>Physical Health and Social Services:</b>				
Communicable diseases - children vaccinated	3,654	2,492	1,856	1,418
Child development center - children served	468	504	480	624
Financial assistance - vouchers authorized	4,642	4,568	4,692	5,440
<b>Mental Health:</b>				
Vocational and day service placements	613	636	628	615
Residential placements	153	142	158	139
<b>County Environment and Education:</b>				
Camping permits - days	46,068	47,628	51,276	52,500
Boat rentals	6,813	5,723	6,988	6,337
<b>Roads and Transportation:</b>				
Public transportation - total riders	94,000	93,700	83,803	82,876
Miles of road maintained - paved	278	291	278	300
Miles of road maintained - unpaved	900	866	900	860

Source: Individual county department.

Year					
2003	2004	2005	2006	2007	2008
12,910	13,099	13,589	13,888	13,234	14,400
354	377	355	394	381	392
1,254	1,409	1,461	1,876	1,511	1,525
732	744	792	756	732	780
7,373	5,339	4,657	4,767	5,242	5,500
626	642	690	707	730	735
140	159	155	118	208	200
53,462	58,818	64,591	66,000	61,552	65,000
6,349	4,064	4,215	4,729	5,372	6,000
85,040	86,007	82,532	82,235	82,500	86,000
310	310	358	358	365	376
850	850	810	810	830	819

COUNTY OF LINN, IOWA  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS

Function	Fiscal			
	1999	2000	2001	2002
Public Safety and Legal Services - Correctional facility capacity	212	244	244	400
County Environment and Education:				
Park acreage - developed and undeveloped	6,387	6,387	6,388	6,490
Parks	19	19	19	19
Nature center	-	-	-	-
Roads and Transportation:				
Miles of roads - paved	278	291	278	300
Miles of roads - unpaved	900	866	900	860
Bridges	247	251	250	246

Source: County Office of Finance and Budget and individual departments.

Year					
2003	2004	2005	2006	2007	2008
400	410	410	410	410	410
6,503	6,559	6,559	6,825	6,825	6,825
19	19	19	19	19	19
1	1	1	1	1	1
310	310	358	358	365	376
850	850	810	810	830	819
253	251	252	269	262	262

COUNTY OF LINN, IOWA

FULL-TIME EQUIVALENT EMPLOYEES BY DEPARTMENT  
LAST TEN FISCAL YEARS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Department										
Administrative Services	7	7	7	7	7	7	7	7	7	7
Attorney	31	33	34	34	34	32	34	34	36	38
Auditor	19	19	18	19	18	18	17	17	19	18
Board of Supervisors	3	3	3	3	3	3	3	3	3	3
Child Support Recovery Unit	27	31	25	25	23	24	24	24	24	22
Conservation	35	37	37	38	38	38	38	38	39	39
Engineering	91	91	86	88	86	85	85	81	76	74
Facilities	24	28	30	28	31	31	32	32	32	32
Finance and Budget	4	4	4	4	4	4	4	4	4	4
Human Resources	3	3	3	3	3	3	3	3	4	5
Information Technology	16	17	17	17	17	17	17	18	18	19
LIFTS	20	20	23	23	23	23	22	22	22	22
Linn County Community Services	213	227	239	234	231	238	236	234	248	255
Planning and Development	15	15	14	14	14	14	14	14	14	14
Public Health	36	37	41	41	41	44	41	42	42	42
Recorder	14	14	14	14	14	14	14	14	14	14
Risk Management	3	3	3	4	4	3	3	3	3	3
Sheriff	141	145	158	168	173	171	166	163	167	171
Soil Conservation	1	1	1	1	1	1	1	1	1	1
Treasurer	36	37	38	37	37	37	34	36	37	37
Veteran Affairs	<u>3</u>									
	742	775	798	805	805	810	798	793	813	823

Source: County Office of Finance and Budget.

**INFORMATION TO COMPLY WITH *GOVERNMENT  
AUDITING STANDARDS* AND OMB CIRCULAR A-133,  
*AUDITS OF STATES, LOCAL GOVERNMENTS,  
AND NON-PROFIT ORGANIZATIONS*  
JUNE 30, 2008**

**COUNTY OF LINN, IOWA**

**COUNTY OF LINN, IOWA**

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**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 the County of Linn, Iowa:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Linn, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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 the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency 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 that a material misstatement of the financial statements will not be prevented or detected by the 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, we believe item II-A-08 is a material weakness.

#### Compliance and Other Matters

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

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 and are reported in Part III of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The 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 the County's responses, and accordingly, we express no opinion on them.

We also noted certain additional matters that we reported to management of the County of Linn, Iowa, in a separate letter dated March 5, 2009.

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
March 5, 2009



CPAs & BUSINESS ADVISORS

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

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To the Officials of the County of Linn, Iowa:

Compliance

We have audited the compliance of the County of Linn, 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. The County's major federal programs are identified in the summary of the independent auditor's results section 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the 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 the County's compliance with those requirements.

In our opinion, the County of Linn, Iowa, 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 the County of Linn, Iowa, 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 the 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 the County's internal control over compliance.

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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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood non-compliance 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 non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Linn, Iowa, as of and for the year ended June 30, 2008, and have issued our report thereon dated March 5, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
March 5, 2009

**COUNTY OF LINN, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct			
Department of Justice High Intensity Drug Trafficking Areas (HIDTA)	16.000		\$ <u>83,490</u>
Indirect			
Department of Agriculture Iowa Department of Education School Breakfast Program	10.553	57-8022	11,800
National School Lunch Program	10.555	57-8022	<u>18,167</u>
			<u>29,967</u>
Iowa Department of Human Services Human Services Administrative Reimbursements State Administrative Matching Grants for Food Stamp Program	10.561		<u>98,687</u>
Department of Housing and Urban Development Iowa Department of Economic Development Community Development Block Grants/ State's Program	14.228	04-CRL-001	<u>35,917</u>
City of Cedar Rapids, Iowa Lead-Based Paint Hazard Control in Privately- Owned Housing	14.900	IALHB0179-01	<u>124,233</u>
Department of Justice Iowa Department of Human Rights Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	JJYD-F08-31	21,323
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	JJYD-F07-31	<u>6,885</u>
			<u>28,208</u>
Supervised Visitation, Safe Havens for Children	16.527	2007CWAX0008	<u>4,397</u>
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	JJYD-F08-31	29,066
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	JJYD-F07-31	<u>1,845</u>
			<u>30,911</u>
Part E – Developing, Testing, and Demonstrating Promising New Programs	16.541		<u>32,523</u>

(continued)

**COUNTY OF LINN, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued)			
Department of Justice (continued)			
Iowa Department of Human Rights (continued)			
Title V – Delinquency Prevention Program	16.548	JJYD-F07-31	\$ <u>1,892</u>
Enforcing Underage Drinking Laws Program	16.727	JJYD-F08-31	17,595
Enforcing Underage Drinking Laws Program	16.727	JJYD-F07-31	<u>5,169</u>
			<u>22,764</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1457	<u>95,248</u>
Department of Transportation			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	DDIR RRW-57-001	147,873
Highway Planning and Construction	20.205	DDIR RRW-57-001-2	<u>124,752</u>
			<u>272,625</u>
Governor’s Traffic Safety Bureau			
State and Community Highway Safety	20.600	07-02, Task 10	8,487
State and Community Highway Safety	20.600	08-02, Task 19	<u>34,324</u>
			<u>42,811</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	07-163, Task 49	<u>24,379</u>
Environmental Protection Agency			
Iowa Department of Public Health			
State Indoor Radon Grants	66.032	5888RC02	<u>182,176</u>
Iowa Department of Natural Resources			
Surveys, Studies, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	2008-7230-03	<u>17,500</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	2008-7230-03	<u>1,740</u>
Performance Partnership Grants	66.605	2008-7230-03	<u>55,076</u>
Department of Education			
Iowa Department of Human Services			
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126		<u>3,750</u>

(continued)

**COUNTY OF LINN, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued)			
Department of Health and Human Services			
Iowa Department of Public Health			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2008-TB23	\$ 1,225
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2007-TB15	<u>4,300</u>
			<u>5,525</u>
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5888LP10	<u>34,454</u>
Immunization Grants	93.268	5887I412	21,058
Immunization Grants	93.268	5888I448	<u>7,218</u>
			<u>28,276</u>
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887BT12	46,638
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887BT06	76,604
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	MOU-2008-ELC05	1,040
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5888WW10	4,430
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5888NB16	<u>24,748</u>
			<u>153,460</u>
Iowa Department of Human Services			
Promoting Safe and Stable Families	93.556	DCFS-07-003	29,516
Promoting Safe and Stable Families	93.556	PSSFP-08-031A	23,402
Promoting Safe and Stable Families	93.556	PSSFP-07-031A	<u>15,594</u>
			<u>68,512</u>
Human Services Administrative Reimbursements			
Temporary Assistance for Needy Families	93.558		<u>107,625</u>
Child Support Enforcement	93.563		<u>1,120,531</u>
Child Care and Development Block Grant	93.575	CFS-CC-08064	40,392
Child Care and Development Block Grant	93.575		775,643
Child Care and Development Block Grant	93.575	BDPS-CC-07053	<u>8,342</u>
			<u>824,377</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>25,993</u>

(continued)

**COUNTY OF LINN, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued)			
Department of Health and Human Services (continued)			
Hawkeye Area Community Action Program			
Head Start	93.600	07CH6114	\$ <u>137,146</u>
Iowa Department of Human Services			
Human Services Administrative Reimbursements			
Foster Care – Title IV-E	93.658		<u>62,649</u>
Adoption Assistance	93.659		<u>14,877</u>
State Children’s Insurance Program	93.767		<u>898</u>
Medical Assistance Program	93.778		<u>136,868</u>
Social Services Block Grant	93.667		70,610
Social Services Block Grant	93.667	57-0021/30-57-039	<u>724,618</u>
			<u>795,228</u>
Chafee Foster Care Independence Program	93.674	DCFS-07-003	<u>2,754</u>
Iowa Department of Education			
Medical Assistance Program	93.778	57-8012	<u>39,123</u>
Iowa Department of Public Health			
National Bioterrorism Hospital Preparedness Program	93.889	5887BHP06	202,783
National Bioterrorism Hospital Preparedness Program	93.889	5887BHP12	<u>100,764</u>
			<u>303,547</u>
HIV Prevention Activities – Health Department Based	93.940	5888AP17	12,596
HIV Prevention Activities – Health Department Based	93.940	5887AP09	4,024
HIV Prevention Activities – Health Department Based	93.940	5888AP09	890
HIV Prevention Activities – Health Department Based	93.940	5887AP17	<u>11,846</u>
			<u>29,356</u>
Iowa Department of Human Services			
Block Grants for Community Mental Health Services	93.958	BDPS-06-050	<u>58,611</u>

(continued)

**COUNTY OF LINN, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued)			
Department of Health and Human Services (continued)			
Iowa Department of Public Health			
Preventive Health and Health Services Block Grant	93.991	5888AP09	\$ 7,852
Preventive Health and Health Services Block Grant	93.991	5887AP09	<u>3,957</u>
			<u>11,809</u>
Corporation for National and Community Service			
Iowa Commission on Volunteer Services			
AmeriCorps	94.006	07-AF-16	131,133
AmeriCorps	94.006	06-AF-16	<u>21,883</u>
			<u>153,016</u>
Social Security Administration			
Iowa Department of Human Services			
Social Security – Disability Insurance	96.001		<u>35</u>
Department of Homeland Security			
United Way of America			
Emergency Food and Shelter National Board Program	97.024	25-2964-00	<u>50,324</u>
Iowa Department of Homeland Security			
Public Assistance Grants	97.036	DR-1763	7,704,541
Public Assistance Grants	97.036	DR-1737	<u>323,607</u>
			<u>8,028,148</u>
Total Indirect			<u>13,297,946</u>
Total			<u>\$ 13,381,436</u>

**COUNTY OF LINN, IOWA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Linn, Iowa, and is presented on the 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.

**NOTE 2 – SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the County of Linn, Iowa, provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/State's Program	14.228	\$ 35,917
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	28,208
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	30,724
Part E – Developing, Testing, and Demonstrating Promising New Programs	16.541	32,523
Title V – Delinquency Prevention Program	16.548	1,892
Enforcing Underage Drinking Laws Program	16.727	22,764
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	100,514
Promoting Safe and Stable Families	93.556	32,214
Temporary Assistance for Needy Families	93.558	72,543
Child Care and Development Block Grant	93.575	775,643
Chafee Foster Care Independence Program	93.674	2,754
Block Grants for Community Mental Health Services	93.958	74,998
AmeriCorps	94.006	7,748
Emergency Food and Shelter National Board Program	97.024	50,324

**COUNTY OF LINN, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2008**

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, which was also a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 93.575 – Child Care and Development Block Grant
  - CFDA Number 97.036 – Public Assistance Grants
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$416,888.
- (i) The County of Linn, Iowa, qualified as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS**

II-A-08 Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows for the preparation of financial statements which are free from material misstatement and presented in conformity with generally accepted accounting principles (GAAP).

Condition – As a result of our audit procedures, we were required to propose material adjustments in the areas of intergovernmental receivables, accounts payable, and prepaid items.

Cause – The cause of the adjustments appears to be that internal staff charged with preparation of the financial statements were not made aware of some items that were required to be recorded on the modified accrual basis of reporting.

Effect – Had the proposed adjustments not been made, the financial statements would have been materially misstated.

Recommendation – We recommend that those responsible for preparation of the financial statements perform a more thorough review of the items needed to report in accordance with GAAP and communicate with other departments to insure completeness of the information received.

**COUNTY OF LINN, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2008**

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

Response – The County will review and develop procedures that will allow those responsible for preparation of the financial statements to have the proper information necessary for preparation of the statements and on a timely basis.

Conclusion – Response accepted.

III-A-08 Certified Budget – Disbursements by function during the year ended June 30, 2008, did not exceed the amounts budgeted. Disbursements by department during the year ended June 30, 2008, did not exceed the amounts appropriated.

III-B-08 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

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

III-D-08 Business Transactions – Business transactions between the County and County Officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Lu Barron, Supervisor, spouse is owner of Barron Motor Supplies, Inc.	Batteries, per bid	\$ 10,781
Jim Houser, Board of Supervisors, spouse was paid as a deputy medical examiner	Medical examiner	2,423
Fran DeMarce, Youth Services Clerical Specialist, spouse was paid for maintenance work	Maintenance work	822
Sue Wold, Elections Deputy, spouse was paid as an election worker	Election worker	103
Vickie Heft, Auditor's Office Property Description Specialist, spouse was paid as an election worker	Election worker	136
Randall Clapp, Election Tech, wife was paid as an election worker	Election worker	347

**COUNTY OF LINN, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2008**

**Part III: Other Findings Related to Required Statutory Reporting: (continued)**

Name, Title, and Business Connection	Transaction Description	Amount
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In accordance with Chapter 331.342(4) of the Code of Iowa, the battery purchases with the Supervisor do not appear to represent conflicts of interest since they were entered into through competitive bidding. The transactions with Jim Houser could represent a conflict of interest, and the County should get an opinion from the County Attorney. The transactions with the youth services clerical specialist and the election wages do not appear to represent conflicts of interest since total transactions with each party were less than \$1,500 during the fiscal year as allowed by Chapter 331.342(10) of the Code of Iowa.

Recommendation – The County should develop a conflict of interest policy and inform all employees of the bidding requirements if transactions exceed the \$1,500 limit imposed by Chapter 331.342 of the Code of Iowa.

Response – The County will develop a conflict of interest policy and inform all employees of the bidding requirements if transactions exceed the \$1,500 limit imposed by state code. The County will also seek written legal advice to determine whether a conflict of interest exists.

Conclusion – Response accepted.

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

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

III-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

III-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).

III-I-08 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in the governmental funds balance sheet or statement of revenues, expenditures, and changes in fund balances.

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



CPAs & BUSINESS ADVISORS

To the Officials of Linn County, Iowa  
Cedar Rapids, Iowa

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We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Linn County, Iowa, for the year ended June 30, 2008, and have issued our report thereon dated March 5, 2009. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated May 5, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated May 5, 2008, and in our meeting about planning matters on August 18, 2008.

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## **Significant Audit Findings**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Linn County, Iowa, are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives is based on past history of life cycles of capital assets. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of impaired assets is based on estimated restoration costs and deflation factors. We evaluated the key factors and assumptions used to develop the impairments in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of intergovernmental receivables from FEMA is based on expenditures incurred for flood related items as of year end which are reimbursed through FEMA. We evaluated the key factors and assumptions used to develop the receivables in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the incurred but not reported claims is based on a calculation of estimated unpaid claims. We evaluated the key factors and assumptions used to develop the incurred but not reported claims in determining that they are reasonable in relation to the financial statements taken as a whole.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material audit adjustments affected the areas of accounts payable, prepaid items, and intergovernmental receivables.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 5, 2009.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Comments**

We have included additional comments regarding the County's operations and future accounting pronouncements which will affect the County.

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

As always, we will be happy to discuss these or any other topics at your convenience. We would like to take this opportunity to express our appreciation to you and your staff for the fine cooperation that we received during the course of the audit. We look forward to many years of continued service to Linn County, Iowa.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
March 5, 2009

# **LINN COUNTY, IOWA**

**YEAR ENDED JUNE 30, 2008**

## **OTHER COMMENTS**

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### **Vacation Accrual**

During review of the vacation accrual for deputy elected officials, it was noted that there are some deputies with excess amounts of accrued vacation. There is no limit currently placed on deputy elected officials, except for the auditor's office, regarding vacation accrual. This creates a large liability and provides little incentive to use the vacation. We recommend that the County review the current policies and determine if limits should be in place to limit the County's future liability and encourage the use of accrued vacation.

### **Mandatory Vacation Policy**

The County does not currently have a policy requiring mandatory use of vacation. As a step to strengthen internal controls, we recommend that the County institute a policy requiring personnel to take at least one week of their vacation at a time. While the employee is gone, someone else should perform their normal duties.

### **Conflict of Interest Policy**

We noted that the County does not have a formal policy regarding employee conflict of interest. Issues of conflicts have become much more scrutinized, and many organizations have developed or formalized such a policy. We recommend the County adopt a formal policy covering potential conflict of interest situations. This policy should identify all business relationships and other dealings between the County and its officers, directors, key employees and other such parties with whom the County conducts business.

### **Elected Officials Compensated Absences**

It was noted that in various offices employees track their own paid leave with limited oversight. The County should consider allowing the Human Resources Department to record and monitor the accrual and use of compensated absences through the payroll system, as is done for all other County employees. Allowing this function to be performed by the Human Resources Department would ensure accruals and usage are properly monitored and verified.

### **Payable Substantiation**

During the audit it was noted that several offices are not properly submitting invoices as substantiation of payables to the auditor's office. The auditor's office has been returning these claims to the respective departments asking for additional documentation, but the departments are issuing a statement claiming "My signature certifies that the purchase(s) listed above were made by me and were for official County business." This statement is then submitted to the Board of Supervisors, and they are approving the claims for payment. Per review of the County's policy regarding original documentation and review of Chapter 331.504(8) of the Code of Iowa, it appears that claims paid need to clearly show the basis of the claim prior to payment. The signature and statement of the individual submitting the claim does not meet the documentation requirements of the County's policy nor the Code of Iowa. We recommend that the auditor's office requires documentation to verify the basis for claims prior to payment and the Board of Supervisors deny payment unless adequate documentation is submitted.

# LINN COUNTY, IOWA

YEAR ENDED JUNE 30, 2008

## OTHER COMMENTS

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### Claims Policy

During the audit, it was noted that there is no time limit for submission of claims to be paid. We recommend the County adopt a policy to only pay claims which are submitted timely to ensure accurate accounting records.

### New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued six statements not yet implemented by Linn County. The statements, which might impact Linn County, are as follows:

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this statement should be implemented simultaneously with the requirements of Statement No. 45. For all other termination benefits, this statement was effective for the fiscal year ended June 30, 2006.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the fiscal year ending June 30, 2009. This statement establishes standards for accounting and financial reporting for obligations to address the current or potential detrimental effects of existing pollution.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, will be effective for the fiscal year ending June 30, 2010. This statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the fiscal year ending June 30, 2009. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

The County's management has not yet determined the effect these statements will have on the County's financial statements.