TAMA COUNTY

Independent Auditors' Reports
Basic Financial Statements and Supplementary Information
Schedule of Findings and Questioned Costs

June 30, 2008

Tama County
Table of Contents

		Page
Officials		1
Independent Auditors' Report		2-3
Management's Discussion and Analysis		4-10
Basic Financial Statements:	Exhibit	
Government-wide Financial Statements:		
Statement of Net Assets	A	11
Statement of Activities	B	12-13
Governmental Fund Financial Statements:		
Balance Sheet	C	14-15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	16
Statement of Revenues, Expenditures and Changes in Fund Balances	E	17-18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	19
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	20
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	21
Statement of Cash Flows	I	22
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	23
Notes to Financial Statements		24-38
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		39-40
Budget to GAAP Reconciliation		41
Notes to Required Supplementary Information – Budgetary Reporting		42
Other Supplementary Information:	Schedule	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	43-44
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	45-46
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	47-49
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	50-53
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	54
Schedule of Expenditures of Federal Awards	6	55-56

Tama County
Table of Contents

	Page
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	57-58
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	59-60
Schedule of Findings and Questioned Costs	61-64
Audit Staff	65

Tama County

Officials

Name	Title	Term Expires
Keith Sash	Board of Supervisors	January 2009
Patrick Henry	Board of Supervisors	January 2009
Larry Vest	Board of Supervisors	January 2011
Laura Kopsa	County Auditor	January 2009
Sandra K. Fowler	County Treasurer	January 2011
Deborah Kupka	County Recorder	January 2011
Dennis Kucera	County Sheriff	January 2009
Brent D. Heeren	County Attorney	January 2011
Jerry Witt	County Assessor	January 2009

BOWMAN & MILLER, P.C.

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Independent Auditors' Report

To the Officials of Tama County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Tama County's management. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

In accordance with Government Auditing Standards, we have also issued our report dated January 7, 2009 on our consideration of Tama County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 10 and 39 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

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

Bowman and Miller, P.C.

January 7, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2008 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 1.6%, or approximately $244,000 from fiscal 2007 to fiscal 2008. General revenues increased approximately $309,000, operating grants and contributions increased approximately $316,000 and charges for services increased approximately $39,000; however, capital grants and contributions decreased approximately $908,000.

- Program expenses of the County's governmental activities were less than one percent, or approximately $97,000, more in fiscal 2008 than in fiscal 2007. Public safety and legal services expenses increased approximately $271,000 and roads and transportation expenditures decreased approximately $162,000.

- The County's net assets increased less than one percent, or approximately $206,000, from June 30, 2007 to June 30, 2008.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The County's combined net assets were virtually unchanged from a year ago, increasing from $26.3 million to $26.5 million. The analysis that follows focuses on the changes in net assets for governmental activities.

Net Assets of Governmental Activities
(Expressed in Thousands)

	June 30,	
	2008	2007
Current and other assets	$ 15,140	14,082
Capital assets	20,058	20,567
Total assets	35,198	34,649
Long-term liabilities	423	411
Other liabilities	8,266	7,935
Total liabilities	8,689	8,346
Net assets:		
Invested in capital assets, net of related debt	19,997	20,479
Restricted	4,815	4,547
Unrestricted	1,697	1,277
Total net assets	$ 26,509	26,303

Net assets of the County's governmental activities increased by less than one percent ($26.3 million compared to $26.5 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately $1,300,000 at June 30, 2007 to approximately $1,700,000 at the end of this year, an increase of 32.9%. The change is due to an increase in unrestricted revenues primarily relating to tax collections and virtually no change in expenditures from the prior year.

Changes in Net Assets of Governmental Activities		
	Year ended June 30,	
	2008	2007
Revenues:		
Program revenues:		
Charges for service	$ 1,418,957	1,380,322
Operating grants, contributions and restricted interest	5,247,860	4,931,622
Capital grants, contributions and restricted interest	499,774	1,407,510
General revenues:		
Property tax	6,593,009	6,243,645
Interest and penalty on property tax	75,760	85,672
State tax credits	388,054	387,446
Local option sales tax	547,461	536,617
Unrestricted investment earnings	200,417	250,105
Other general revenues	22,178	14,062
Total revenues	14,993,470	15,237,001
Program expenses:		
Public safety and legal services	2,794,596	2,523,872
Physical health and social services	1,378,116	1,202,319
Mental health	1,793,996	1,684,726
County environment and education	480,445	939,373
Roads and transportation	6,623,262	6,785,758
Governmental services to residents	482,506	448,419
Administration	1,231,334	1,106,072
Non-program	3,427	181
Total expenses	14,787,682	14,690,720
Increase in net assets	205,788	546,281
Net assets beginning of year	26,303,318	25,757,037
Net assets end of year	$ 26,509,106	26,303,318

The County's total revenues decreased 1.6%. The total cost of all programs and services increased by less than one percent. Capital grants, contributions and restricted interest decreased due to fewer dollars being received from the Iowa Department of Transportation through farm to market funds and fewer dollars received under the Home Investment Partnerships Program.

The cost of all governmental activities this year was $14.8 million compared to $14.7 million last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only $7.6 million because some of the cost was paid by those who directly benefited from the programs ($1.4 million) or by other governments and organizations that subsidized certain programs with contributions and grants ($5.7 million). The County paid for the remaining "public benefit" portion of governmental activities ($6.6 million) with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. General revenues increased due to an increase in property tax collections and local option sales tax.

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of $5.4 million, which is approximately $703,000 more than last year's total of $4.7 million. The following are the major reasons for the changes in fund balances from the prior year:

• General Fund's ending fund balance increased approximately $210,000 due principally to an increase in tax collections. General fund expenditures remained consistent when compared to the prior year.

• The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately $1,784,000, an increase of 5.3% from the prior year. The Mental Health Fund balance at year end increased by approximately $299,000 to approximately $13,000.

• Secondary Roads Fund revenues increased approximately $306,000, due principally to the receipt of a bridge replacement reimbursement of $219,000. Expenditures decreased approximately $493,000 due to fewer road maintenance projects being done. The amount that the County transferred from the Rural Services and General Funds increased by approximately $107,000. These changes resulted in an increase in the Secondary Roads Fund ending balance of approximately $375,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Tama County amended its budget twice. The first amendment was made in December 2007 and resulted in an increase in budgeted disbursements related to mental health expenditures. The mental health fund had been in a deficit balance and received additional funding from the state. The expenditures were increased to reflect this additional revenue. The second amendment was made on May 20, 2008. This amendment was to provide for additional expenditures in certain County departments.

The County's receipts were $549,194 less than budgeted, a variance of 3.6%.

Total disbursements were $2,768,400 less than the amended budget. This was primarily due to the County anticipated capital projects not being done.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, Tama County had approximately $40 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This amount represents a net increase (including additions and deletions) of approximately $683,000, or 1.7% over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)	June 30, 2008	June 30, 2007
Land		337
Construction in progress	$ 791	932
Buildings and improvements	5,364	5,320
Machinery and equipment	7,701	7,744
Infrastructure	25,472	25,053
Total	$ 40,068	39,386

This year's major additions included (in thousands):	
Nature trail	234
Conservation land	169
Roadway construction	279
Total	$ 682

The County had depreciation expense of $1,433,587 in fiscal 2008 and total accumulated depreciation of $20,010,452 at June 30, 2008.

The County's fiscal year 2008 capital budget included funds primarily for the continued upgrading of secondary roads, the construction of the Tama County bike trail and purchase of land for conservation These projects will be funded with resources on hand in the County's fund balances and the receipt of a Highway Planning and Construction Grant for the bike trail. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2008, the County had $423,011 in a capital lease and other debt compared to approximately $410,880 at June 30, 2007, as shown below.

Outstanding Debt of Governmental Activities at Year-End	June 30, 2008	June 30, 2007
Capital Lease Purchase Agreement	$ 61,342	88,533
Compensated Absences	361,669	322,347
Total	$ 423,011	410,880

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this $35 million limit. Compensated absences include accrued vacation pay. More detailed information about the County's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Tama County's elected and appointed officials and citizens considered many factors when setting the 2009 fiscal year budget, tax rates and fees that will be charged for various County activities. The proposed budget for fiscal year 2009 includes some increases above the current budget in both the revenue and expenditure categories.

The County anticipates some improvement in total assessed valuations due to expansion of value-added agricultural enterprises, such as bio diesel and ethanol plants, as well as improved prices of agricultural commodities, which will be reflected in the productivity factor. However, residential rollbacks may off-set some of these increases.

The County continues to seek ways to contain costs by sharing programs and personnel with other counties; and to increase revenues through user fees, grants and contracts rather than solely relying on tax income.

The County's share of total property tax collections is about 20%. The remaining 80% of property tax collections are disbursed to the school districts, community colleges, city governments, townships, extension service, and other entities within the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Tama County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Tama County Administration Building, 104 West State Street, P.O. Box 61, Toledo, Iowa, 52342.

Exhibit A

Tama County
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Cash and pooled investments	$ 6,397,226
Receivables:	
Property tax:	
Delinquent	12,057
Succeeding year	7,337,428
Interest and penalty on property tax	56,278
Accounts	21,002
Accrued interest	10,542
Due from other governments	752,961
Inventories	552,450
Capital assets (net of accumulated depreciation)	20,058,077
Total assets	35,198,021
Liabilities	
Accounts payable	605,488
Salaries and benefits payable	92,753
Due to other governments	230,235
Deferred revenue:	
Succeeding year property tax	7,337,428
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	29,449
Compensated absences	361,669
Portion due or payable after one year:	
Capital lease purchase agreement	31,893
Total liabilities	8,688,915
Net Assets	
Invested in capital assets, net of related debt	19,996,735
Restricted for:	
Supplemental levy purposes	1,115,927
Mental health purposes	6,604
Secondary roads purposes	1,309,557
Capital projects	1,439
Other purposes	2,381,863
Unrestricted	1,696,981
Total net assets	$ 26,509,106

See notes to financial statements.

Tama County
Statement of Activities
Year Ended June 30, 2008

		Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	$ 2,794,596	290,672	39,576	-
Physical health and social services	1,378,116	385,773	325,904	-
Mental health	1,793,996	219,585	1,296,081	-
County environment and education	480,445	37,872	55,516	280,379
Roads and transportation	6,623,262	61,719	3,529,812	219,395
Governmental services to residents	482,506	341,112	491	-
Administration	1,231,334	45,391	480	-
Non-program	3,427	36,833	-	-
Total	$ 14,787,682	1,418,957	5,247,860	499,774

General Revenues:

Property and other county tax levied for:
General purposes
Interest and penalty on property tax
State tax credits
Local option sales tax
Unrestricted investment earnings
Gain on sale of property and equipment
Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets
(2,464,348)
(666,439)
(278,330)
(106,678)
(2,812,336)
(140,903)
(1,185,463)
33,406
(7,621,091)
6,593,009
75,760
388,054
547,461
200,417
7,835
14,343
7,826,879
205,788
26,303,318
$ 26,509,106

Tama County
Balance Sheet
Governmental Funds
June 30, 2008

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	$ 2,617,057	251,610	497,506	982,705
Receivables:				
Property tax:				
Delinquent	10,031	1,243	783	-
Succeeding year	4,863,338	565,090	1,909,000	-
Interest and penalty on property tax	56,278	-	-	-
Accounts	19,939	1,000	-	63
Accrued interest	1,022	-	-	-
Due from other governments	388,444	30,216	86,109	248,192
Inventories	-	-	-	552,450
Total assets	$ 7,956,109	849,159	2,493,398	1,783,410
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 86,381	41,916	5,004	266,041
Salaries and benefits payable	46,001	3,920	3,270	39,562
Due to other governments	5,450	222,181	212	2,392
Deferred revenue:				
Succeeding year property tax	4,863,338	565,090	1,909,000	-
Other	65,372	2,872	593	-
Total liabilities	5,066,542	835,979	1,918,079	307,995
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,115,927	-	-	-
Unreserved, reported in:				
General fund	1,773,640	-	-	-
Special revenue funds	-	13,180	575,319	1,475,415
Capital projects fund	-	-	-	-
Total fund balances	2,889,567	13,180	575,319	1,475,415
Total liabilities and fund balances	$ 7,956,109	849,159	2,493,398	1,783,410

See notes to financial statements.

Nonmajor	Total
423,535	4,772,413
-	12,057
-	7,337,428
-	56,278
-	21,002
-	1,022
-	752,961
-	552,450
423,535	13,505,611
1,681	401,023
-	92,753
-	230,235
-	7,337,428
-	68,837
1,681	8,130,276
-	1,115,927
-	1,773,640
420,415	2,484,329
1,439	1,439
421,854	5,375,335
423,535	13,505,611

Tama County
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets
June 30, 2008

Total governmental fund balances (page 15)	$ 5,375,335
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $40,068,529 and the accumulated depreciation is $20,010,452.	20,058,077
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	68,837
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	1,429,868
Long-term liabilities, including capital lease purchase agreement payable and compensated absences payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(423,011)
Net assets of governmental activities (page 11)	$ 26,509,106

See notes to financial statements.

Tama County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 4,339,322	537,567	2,262,854	-
Interest and penalty on property tax	73,650	-	-	-
Intergovernmental	1,428,845	1,539,052	102,136	3,749,207
Licenses and permits	7,987	-	-	6,959
Charges for service	494,700	6,325	-	-
Use of money and property	227,017	-	-	-
Miscellaneous	14,299	132	44	54,760
Total revenues	6,585,820	2,083,076	2,365,034	3,810,926
Expenditures:				
Operating:				
Public safety and legal services	2,507,812	-	24,316	-
Physical health and social services	1,335,015	-	-	-
Mental health	-	1,783,875	-	-
County environment and education	458,057	-	99,935	-
Roads and transportation	-	-	379,171	5,035,722
Governmental services to residents	456,303	-	3,584	-
Administration	1,168,558	-	-	-
Non-program	3,427	-	-	-
Capital projects	231,218	-	217,004	140,270
Total expenditures	6,160,390	1,783,875	724,010	5,175,992
Excess (deficiency) of revenues over (under) expenditures	425,430	299,201	1,641,024	(1,365,066)
Other financing sources (uses):				
Sale of capital assets	-	-	-	27,480
Operating transfers in	-	-	-	1,712,359
Operating transfers out	(215,322)	-	(1,596,337)	-
Total other financing sources (uses)	(215,322)	-	(1,596,337)	1,739,839
Net change in fund balances	210,108	299,201	44,687	374,773
Fund balances beginning of year	2,679,459	(286,021)	530,632	1,100,642
Fund balances end of year	$ 2,889,567	13,180	575,319	1,475,415

See notes to financial statements.

Nonmajor	Total
-	7,139,743
-	73,650
58,211	6,877,451
-	14,946
4,362	505,387
24,116	251,133
12,749	81,984
99,438	14,944,294
140,348	2,672,476
-	1,335,015
-	1,783,875
58,093	616,085
-	5,414,893
14	459,901
31,200	1,199,758
-	3,427
194,779	783,271
424,434	14,268,701
(324,996)	675,593
-	27,480
99,300	1,811,659
-	(1,811,659)
99,300	27,480
(225,696)	703,073
647,550	4,672,262
421,854	5,375,335

Exhibit F

Tama County
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2008

Net change in fund balances - Total governmental funds (page 18)		$ 703,073
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activites report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlays in the current year as follows:		
Expenditures for capital assets	$ 916,544	
Depreciation expense	(1,433,587)	(517,043)
In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		7,835
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:		
Property tax	2,837	
Other	1,671	4,508
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		27,191
Some expenses reported in the Statement of Activites do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences		(39,323)
The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.		19,547
Change in net assets of governmental activities (page 13)		$ 205,788

See notes to financial statements.

Exhibit G

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

	Internal Service-Employee Group Health
Assets	
Cash and and cash equivalents	$ 1,624,813
Accrued interest	9,520
Total assets	1,634,333
Liabilities	
Accounts payable	204,465
Net Assets	
Unrestricted	$ 1,429,868

See notes to financial statements.

Exhibit H

Tama County
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2008

		Internal Service-Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 1,548,561
Reimbursements from others		10,379
Insurance reimbursements		60,304
Total operating revenues		1,619,244
Operating expenses:		
Medical claims	$ 1,375,520	
Insurance premiums	221,678	
Administrative fees	39,331	1,636,529
Operating loss		(17,285)
Non-operating revenues:		
Interest income		36,832
Net income		19,547
Net assets beginning of year		1,410,321
Net assets end of year		$ 1,429,868

See notes to financial statements.

Exhibit I

Tama County
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2008

	Internal Service-Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 1,548,561
Cash received from employees and others	10,379
Cash received from insurance reimbursements	60,304
Cash paid to suppliers for services	(1,624,110)
Net cash used by operating activities	(4,866)
Cash flows from investing activities:	
Interest on investments	53,289
Net increase in cash and cash equivalents	48,423
Cash and cash equivalents beginning of year	1,576,390
Cash and cash equivalents end of year	$ 1,624,813

Reconciliations of operating loss to net cash used by operating activities:	
Operating loss	$ (17,285)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Increase in accounts payable	12,419
Net cash used by operating activities	$ (4,866)

See notes to financial statements.

Exhibit J

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

Assets	
Cash and pooled investments:	
County Treasurer	$ 1,497,955
Other County officials	10,162
Receivables:	
Property tax:	
Delinquent	44,220
Succeeding year	15,082,447
Accounts	52,752
Due from other governments	9,207
Total assets	16,696,743
Liabilities	
Accounts payable	143,783
Salaries and benefits payable	10,610
Due to other governments	16,463,425
Trusts payable	28,022
Compensated absences	50,903
Total liabilities	16,696,743
Net assets	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

Drainage District #3 has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Tama County Board of Supervisors. This drainage district is reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported in an agency fund. Financial information of the individual drainage districts can be obtained from the Tama County Auditor's office.

(1) Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Tama County Assessor's Conference Board, Tama County Joint E-911 Service Board, Tama County Economic Development Commission and Tama County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Heartland Risk Pool Insurance, Tama County Solid Waste Disposal Commission, County Case Management Services, Mid-Iowa Drug Task Force, Northeast Iowa Response Group, Central Iowa Juvenile Detention Center and Region VI Planning Commission.

B. Basis of Presentation

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20 – 50
Building improvements	20 – 50
Infrastructure	30 – 50
Equipment	5 – 20
Vehicles	7 – 10

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees 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, Mental Health, Rural Services and Secondary Roads Funds.

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. 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 legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

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

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $1,369,277 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

(2) Cash and Pooled Investments (continued)

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) to 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 needs and use of the County.

Credit risk. The investment in the Iowa Public Agency Investment Trust is unrated.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Capital Projects	General	$ 5,000
Special Revenue:		
Vehicle Replacement/Computer Maintenance	General	80,550
Land Acquisition and Development Fund	General	13,750
Special Revenue:		
Secondary Roads	General	116,022
	Special Revenue: Rural Services	1,596,337
		$ 1,811,659

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 336,889	403,090	-	739,979
Construction in progress	931,921	-	140,830	791,091
Total capital assets not being depreciated	1,268,810	403,090	140,830	1,531,070
Capital assets being depreciated:				
Buildings	5,319,702	44,100	-	5,363,802
Equipment and vehicles	7,744,409	231,477	274,481	7,701,405
Infrastructure, road network	25,052,767	419,485	-	25,472,252
Total capital assets being depreciated	38,116,878	695,062	274,481	38,537,459
Less accumulated depreciation for:				
Buildings	1,908,163	104,769	-	2,012,932
Equipment and vehicles	4,521,502	512,228	241,538	4,792,192
Infrastructure, road network	12,388,738	816,590	-	13,205,328
Total accumulated depreciation	18,818,403	1,433,587	241,538	20,010,452
Total capital assets being depreciated, net	19,298,475	(738,525)	32,943	18,527,007
Governmental activities capital assets, net	$ 20,567,285	(335,435)	173,773	20,058,077

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 78,930
Physical health and social services	19,517
Mental health	6,556
County environment and education	24,515
Roads and transportation	1,226,990
Governmental services to residents	22,306
Administration	54,773
Total depreciation expense - governmental activities	$ 1,433,587

(5) Long-Term Liabilities

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

	Capital Lease Purchase Agreement	Compensated Absences	Total
Balance beginning of year	$ 88,533	322,346	410,879
Increases	-	68,580	68,580
Decreases	27,191	29,257	56,448
Balance end of year	$ 61,342	361,669	423,011
Due within one year	$ 29,449	361,669	391,118

Capital Lease Purchase Agreement

The County has entered into a capital lease purchase agreement to lease new financial and administrative accounting software with an historical cost of $121,333. The following is a schedule of the future minimum lease payments, including interest at a rate of 8.3% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2008:

Year ending June 30,	Financial and Administrative Accounting Software
2009	$ 34,544
2010	34,544
Total minimum lease payments	69,088
Less amount representing interest	7,746
Present value of net minimum lease payments	$ 61,342

Payments under the capital lease purchase agreement totaled $34,544 for the year ended June 30, 2008.

(6) Operating Leases

The County has entered into various operating leases for office copy machines and a postage meter. These leases expire at various times through July 1, 2013. The following is a schedule by year of the total annual lease costs required under the operating leases.

Year ending June 30,	Rent Due
2009	$ 15,119
2010	6,762
2011	6,762
2012	6,507
2013	4,304
Total	$ 39,454

The total annual lease costs for the year ended June 30, 2008 were $15,084.

(7) Due to Other Governments

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

Fund	Description	Amount
General	Services	$ 5,450
Special Revenue:		
Secondary Roads	Services	2,392
Rural Services	Services	212
Mental Health	Services	222,181
		224,785
Total for governmental funds		$ 230,235
Agency:		
County Assessor	Collections	$ 560,836
Schools		9,741,283
Community Colleges		1,329,652
Corporations		3,605,910
Townships		268,910
Auto License and Use Tax		307,317
E-911		168,159
Emergency Management Services		131,010
All other		350,348
Total for agency funds		$ 16,463,425

(8) Tama County Employee Group Health Fund

The Internal Service, Tama County Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Bernie Lowe Associates, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $32,500. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Tama County Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Gallagher Benefits, Inc. from the Tama County Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2008 was $1,548,561.

Amounts payable from the Employee Group Health Fund at June 30, 2008 total $204,465, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was $1,429,868 at June 30, 2008 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims as beginning of year	$ 192,046
Incurred claims (including claims incurred but not reported at June 30, 2008)	1,375,520
Payments on claims during the fiscal year	1,363,101
Unpaid claims end of year	$ 204,465

(9) 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.

(9) Pension and Retirement Benefits (continued)

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were $323,897, $292,624 and $290,243, respectively, equal to the required contributions for each year.

(10) Risk Management

Tama County is a member in the Heartland Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Risk Pool (Pool) is a local government risk-sharing pool whose membership includes ten counties throughout the State of Iowa. The Pool was formed July 1, 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other then pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2008, which covers exposures of specific losses in excess of $750,000, with a $250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of $400,000 per occurrence, up to a maximum of $8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2008, 2007 and 2006 the risk pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2008, settled claims have not exceeded the risk pool reinsurance coverage since commencement of the risk pool.

(10) Risk Management (continued)

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2008 were $342,717.

Initial membership into the Pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Tama County commenced July 1, 1987 and is subject to renewal every three years. The county assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in ay of the past three fiscal years.

(11) Contingent Liability

During the year ended June 30, 1994, an underground storage tank investigation classified three former underground storage tank sites in Tama County as high risk, requiring the County to submit plans for remedial action to the Iowa Department of Natural Resources. The County is currently contesting the high risk classification for two of the three sites. The County estimates the costs to remediate the sites under the proposed plans to be approximately $75,000 per site. As a result, a liability for $150,000 has been recorded in accounts payable in the Secondary Roads Fund at June 30, 2008.

The environmental impact of the sites is currently unknown and the potential liability, if any, for additional costs associated with the sites is indeterminable.

Required Supplementary Information

Tama County
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds
Required Supplementary Information
Year Ended June 30, 2008

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	$ 7,134,027	-
Interest and penalty on property tax	73,005	-
Intergovernmental	6,703,244	-
Licenses and permits	13,598	-
Charges for services	503,063	-
Use of money and property	257,337	-
Miscellaneous	81,667	-
Total receipts	14,765,941	-
Disbursements:		
Public safety and legal services	2,665,047	-
Physical health and social services	1,319,401	-
Mental health	1,902,393	-
County environment and education	610,216	-
Roads and transportation	5,387,871	-
Governmental services to residents	455,082	-
Administration	1,188,975	-
Non-program	3,427	-
Capital projects	780,553	-
Total disbursements	14,312,965	-
Excess (deficiency) of receipts over (under) disbursements	452,976	-
Other financing sources, net	27,480	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	480,456	-
Balance beginning of year	4,291,957	859
Balance end of year	$ 4,772,413	859

See accompanying independent auditors' report.

Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Net Variance
7,134,027	7,033,440	7,033,440	100,587
73,005	-	-	73,005
6,703,244	7,199,209	7,343,942	(640,698)
13,598	12,931	12,931	667
503,063	473,512	473,512	29,551
257,337	18,525	18,525	238,812
81,667	432,785	432,785	(351,118)
14,765,941	15,170,402	15,315,135	(549,194)
2,665,047	2,961,542	2,961,542	296,495
1,319,401	1,333,427	1,437,360	117,959
1,902,393	1,396,312	1,911,578	9,185
610,216	663,538	726,388	116,172
5,387,871	5,811,716	6,061,716	673,845
455,082	515,208	536,008	80,926
1,188,975	1,250,436	1,335,436	146,461
3,427	11,500	11,500	8,073
780,553	2,234,837	2,099,837	1,319,284
14,312,965	16,178,516	17,081,365	2,768,400
452,976	(1,008,114)	(1,766,230)	2,219,206
27,480	5,000	5,000	22,480
480,456	(1,003,114)	(1,761,230)	2,241,686
4,291,098	3,508,832	3,508,832	782,266
4,771,554	2,505,718	1,747,602	3,023,952

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

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 14,765,941	178,353	14,944,294
Expenditures	14,312,965	(44,264)	14,268,701
Net	452,976	222,617	675,593
Other financing sources, net	27,480	-	27,480
Beginning fund balances	4,291,957	380,305	4,672,262
Ending fund balances	$ 4,772,413	602,922	5,375,335

Tama County
Notes to Required Supplementary Information-
Budgetary Reporting
June 30, 2008

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and the 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 disbursements by $902,849. 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.

Other Supplementary Information

Tama County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Resource Enhancement and Protection	Vehicle Replacement / Computer Maintenance	Medicaid Reimburse-ment	Land Acquisition and Development Fund
Assets				
Cash and pooled investments	$ 24,492	36,837	21,720	216,150
Total assets	$ 24,492	36,837	21,720	216,150
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	1,200	-	-
Fund balances:				
Unreserved	24,492	35,637	21,720	216,150
Total liabilities and fund balances	$ 24,492	36,837	21,720	216,150

See accompanying independent auditors' report.

Special Revenue								
Tama County Nature Center	Security Services	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Sheriff's DARE Monies	County Attorney's Forfeiture Fund	Drainage District	Capital Projects	Total
59,245	2,043	49,262	4,623	4,034	2,831	859	1,439	423,535
59,245	2,043	49,262	4,623	4,034	2,831	859	1,439	423,535
-	481	-	-	-	-	-	-	1,681
59,245	1,562	49,262	4,623	4,034	2,831	859	1,439	421,854
59,245	2,043	49,262	4,623	4,034	2,831	859	1,439	423,535

Tama County
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Resource Enhancement and Protection	Vehicle Replacement / Computer Maintenance	Medicaid Reimburse-ment	Land Acquisition and Development Fund
Revenues:				
Intergovernmental	$ 18,795	480	-	13,207
Charges for service	-	-	-	-
Use of money and property	2,675	-	-	12,581
Miscellaneous	-	2,100	-	2,000
Total revenues	21,470	2,580	-	27,788
Expenditures:				
Operating:				
Public safety and legal services	-	40,000	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	14	-	-
Administration	-	31,200	-	-
Capital projects	110,000	21,912	-	59,052
Total expenditures	110,000	93,126	-	59,052
Excess (deficiency) of revenues over (under) expenditures	(88,530)	(90,546)	-	(31,264)
Other financing sources:				
Operating transfers in	-	80,550	-	13,750
Net change in fund balances	(88,530)	(9,996)	-	(17,514)
Fund balances beginning of year	113,022	45,633	21,720	233,664
Fund balances end of year	$ 24,492	35,637	21,720	216,150

See accompanying independent auditors' report.

Special Revenue								
Tama County Nature Center	Security Services	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Sheriff's DARE Monies	County Attorney's Forfeiture Fund	Drainage District	Capital Projects	Total
-	25,729	-	-	-	-	-	-	58,211
-	-	4,362	-	-	-	-	-	4,362
8,369	-	491	-	-	-	-	-	24,116
8,115	-	-	-	-	534	-	-	12,749
16,484	25,729	4,853	-	-	534	-	-	99,438
-	91,250	-	7,728	170	1,200	-	-	140,348
58,093	-	-	-	-	-	-	-	58,093
-	-	-	-	-	-	-	-	14
-	-	-	-	-	-	-	-	31,200
-	-	-	-	-	-	-	3,815	194,779
58,093	91,250	-	7,728	170	1,200	-	3,815	424,434
(41,609)	(65,521)	4,853	(7,728)	(170)	(666)	-	(3,815)	(324,996)
-	-	-	-	-	-	-	5,000	99,300
(41,609)	(65,521)	4,853	(7,728)	(170)	(666)	-	1,185	(225,696)
100,854	67,083	44,409	12,351	4,204	3,497	859	254	647,550
59,245	1,562	49,262	4,623	4,034	2,831	859	1,439	421,854

Tama County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

	County Offices		Agricultural		
	County Recorder	County Sheriff	Extension Education	County Assessor	Schools
Assets					
Cash and pooled investments:					
County Treasurer	$ -	-	3,255	297,356	207,527
Other County officials	8,994	1,168	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	317	662	20,357
Succeeding year	-	-	150,001	362,198	9,513,399
Accounts	1,913	-	-	89	-
Due from other governments	-	-	-	-	-
Total assets	$ 10,907	1,168	153,573	660,305	9,741,283
Liabilities					
Accounts payable	$ -	-	-	85,872	-
Salaries and benefits payable	-	-	-	862	-
Due to other governments	10,907	24	153,573	560,836	9,741,283
Trusts payable	-	1,144	-	-	-
Compensated absences	-	-	-	12,735	-
Total liabilities	$ 10,907	1,168	153,573	660,305	9,741,283

See accompanying independent auditors' report.

Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empowerment	Emergency Management Services	E-911
24,265	107,198	4,967	3,543	307,317	111,847	163,230	149,759
-	-	-	-	-	-	-	-
2,569	20,215	95	-	-	-	-	-
1,302,818	3,478,497	263,848	-	-	-	-	-
-	-	-	-	-	-	-	22,034
-	-	-	-	-	-	9,207	-
1,329,652	3,605,910	268,910	3,543	307,317	111,847	172,437	171,793
-	-	-	-	-	32,741	2,712	3,634
-	-	-	-	-	-	7,107	-
1,329,652	3,605,910	268,910	3,543	307,317	79,106	131,010	168,159
-	-	-	-	-	-	-	-
-	-	-	-	-	-	31,608	-
1,329,652	3,605,910	268,910	3,543	307,317	111,847	172,437	171,793

Tama County

Schedule 3

Combining Schedule of Fiduciary Assets and Liabilities (Continued)
Agency Funds
June 30, 2008

		Economic Development	Sanitary Landfill	Third Party Payees	Other	Total
Assets						
Cash and pooled investments:						
County Treasurer	$	33,972	2,137	26,878	54,704	1,497,955
Other County officials		-	-	-	-	10,162
Receivables:						
Property tax:						
Delinquent		-	-	-	5	44,220
Succeeding year		-	-	-	11,686	15,082,447
Accounts		-	28,716	-	-	52,752
Due from other governments		-	-	-	-	9,207
Total assets	$	33,972	30,853	26,878	66,395	16,696,743
Liabilities						
Accounts payable	$	3,913	14,911	-	-	143,783
Salaries and benefits payable		600	2,041	-	-	10,610
Due to other governments		28,041	8,759	-	66,395	16,463,425
Trusts payable		-	-	26,878	-	28,022
Compensated absences		1,418	5,142	-	-	50,903
Total liabilities	$	33,972	30,853	26,878	66,395	16,696,743

See accompanying independent auditors' report.

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2008

	County Offices			Agricultural
	County Auditor	County Recorder	County Sheriff	Extension Education
Assets and Liabilities				
Balances beginning of year	$ -	9,339	3,031	148,043
Additions:				
Property and other county tax	-	-	-	142,126
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	8,033
Interest	-	-	-	-
Office fees and collections	2,705	294,810	260,177	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	106,712	-
Reimbursements from other governments	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	2,705	294,810	366,889	150,159
Deductions:				
Agency remittances:				
To other funds	2,705	140,075	260,177	-
To other governments	-	153,167	4,806	144,629
Trusts paid out	-	-	103,769	-
Total deductions	2,705	293,242	368,752	144,629
Balances end of year	$ -	10,907	1,168	153,573

See accompanying independent auditors' report.

County Assessor	Schools	Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empower-ment
651,169	9,297,256	1,041,201	3,387,949	260,161	571	313,528	139,754
345,705	9,010,627	1,231,311	3,538,998	249,288	-	-	-
-	-	-	-	-	-	-	-
16,744	505,756	54,902	176,546	14,275	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,917,484	-
-	-	-	-	-	16,931	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
970	-	-	-	-	-	-	363,664
363,419	9,516,383	1,286,213	3,715,544	263,563	16,931	3,917,484	363,664
-	-	-	-	-	-	171,000	-
354,283	9,072,356	997,762	3,497,583	254,814	13,959	3,752,695	391,571
-	-	-	-	-	-	-	-
354,283	9,072,356	997,762	3,497,583	254,814	13,959	3,923,695	391,571
660,305	9,741,283	1,329,652	3,605,910	268,910	3,543	307,317	111,847

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2008

	Emergency Management Services	E-911	Economic Development	Sanitary Landfill
Assets and Liabilities				
Balances beginning of year	$ 192,192	158,743	20,267	54,290
Additions:				
Property and other county tax	-	-	-	-
E-911 surcharge	-	130,634	-	-
State tax credits	-	-	-	-
Interest	-	5,201	-	-
Office fees and collections	-	-	-	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Reimbursements from other governments	519,857	-	120,606	-
Miscellaneous	643	5	28,071	1,076,474
Total additions	520,500	135,840	148,677	1,076,474
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	540,255	122,790	134,972	1,099,911
Trusts paid out	-	-	-	-
Total deductions	540,255	122,790	134,972	1,099,911
Balances end of year	$ 172,437	171,793	33,972	30,853

See accompanying independent auditors' report.

Third Party Payees	Other	Total
63,565	141,036	15,882,095
-	28,008	14,546,063
-	-	130,634
-	618	776,874
-	-	5,201
-	4,716	562,408
-	-	3,917,484
-	-	16,931
235,220	345,119	687,051
-	9,263	649,726
-	-	1,469,827
235,220	387,724	22,762,199
-	-	573,957
-	32,003	20,567,556
271,907	430,362	806,038
271,907	462,365	21,947,551
26,878	66,395	16,696,743

Tama County
Schedule of Revenues By Source and Expenditures By Function - All Govermental Funds For the Last Four Years

	Modified Accrual Basis			
	2008	2007	2006	2005
Revenues:				
Property and other county tax	$ 7,139,743	6,779,700	6,639,233	6,302,697
Interest and penalty on property tax	73,650	66,062	63,803	110,698
Intergovernmental	6,877,451	6,754,711	6,442,517	6,258,963
Licenses and permits	14,946	13,515	14,408	10,841
Charges for service	505,387	498,324	522,452	576,931
Use of money and property	251,133	300,347	213,015	118,865
Miscellaneous	81,984	48,739	58,830	109,005
Total	$ 14,944,294	14,461,398	13,954,258	13,488,000
Expenditures:				
Operating:				
Public safety and legal services	$ 2,672,476	2,531,566	2,480,455	2,449,550
Physical health and social services	1,335,015	1,202,218	1,121,910	1,119,516
Mental health	1,783,875	1,694,136	2,387,504	1,737,404
County environment and education	616,085	825,251	579,237	779,924
Roads and transportation	5,414,893	5,889,960	5,197,434	5,629,714
Governmental services to residents	459,901	429,841	533,397	441,282
Administration	1,199,758	1,171,989	1,107,117	1,043,037
Non-program	3,427	181	827	198
Capital projects	783,271	641,249	321,022	317,057
Total	$ 14,268,701	14,386,391	13,728,903	13,517,682

Tama County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Adminstrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		$ 13,143
Iowa Department of Public Health:			
Mid-Iowa Community Action:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		4,235
U.S. Department of Justice:			
Iowa Department of Justice:			
Governor's Office of Drug Control Policy:			
Edward Byrne Memorial Formula Grant Program	16.579		39,575
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Adminstrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		14,221
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,464
Foster Care-Title IV-E	93.658		8,349
Adoption Assistance	93.659		1,999
Medical Assistance Program	93.778		18,109
State Children's Insurance Program	93.767		118
Social Services Block Grant	93.667		9,329
Social Services Block Grant	93.667		76,251
			85,580
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5886BT17	22,617
Mid-Iowa Community Action:			
Maternal and Child Health Services Block Grant to the States	93.994		23,681
Head Start	93.600		1,513
Grinnell Regional Medical Center:			
Immunization Grants	93.268		6,355

Tama County
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Iowa Department of Education:			
Temporary Assistance for Needy Families	93.558		31,543
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Home Investment Partnerships Program	14.239	06-HM-133-69	46,026
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763 DR-IA	69,982
Emergency Management Performance Grants	97.042		3,667
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO86 (61)-8J-86	7,901
Highway Planning and Construction	20.205	STP-E-CO86 (65)-8V-86	141,803
			149,704
Total			$ 543,881

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

BOWMAN & MILLER, P.C.

CERTIFIED ◆ PUBLIC ◆ ACCOUNTANTS

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

To the Officials of Tama County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tama County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated January 7, 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 Tama 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 Tama County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tama County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Tama 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 Tama County's financial statements that is more than inconsequential will not be prevented or detected by Tama 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 a material misstatement of the financial statements will not be prevented or detected by Tama County's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tama 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. 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.

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

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

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

Bowman and Miller. P.C.

January 7, 2009

BOWMAN & MILLER, P.C.

CERTIFIED ♦ PUBLIC ♦ ACCOUNTANTS

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Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Officials of Tama County:

Compliance

We have audited the compliance of Tama County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Tama County's major federal programs are identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Tama County's management. Our responsibility is to express an opinion on Tama 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 Tama County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Tama County's compliance with those requirements.

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

Internal Control Over Compliance

The management of Tama County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Tama 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 Tama County's internal control over compliance.

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

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

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

Bowman and Miller, P.C.

January 7, 2009

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

Part I: Summary of the Independent Auditors' Results:

(a) Unqualified opinions were issued on the financial statements.

(b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, which is a material weakness.

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

(d) No significant deficiencies in internal control over major programs were identified.

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

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

(g) Major programs were as follows:

CFDA Number 20.205 – Highway Planning and Construction

CFDA Number 93.667 – Social Services Block Grant

CFDA Number 97.036 – Disaster Grants-Public Assistance

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

(i) Tama County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCY:

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

	Applicable Offices
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Treasurer, Recorder
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.	Recorder, Sheriff
(3) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.	Treasurer, Recorder, Sheriff

Recommendation - We realize that with a limited number of office employees segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

SIGNIFICANT DEFICIENCY (continued):

Response – Each office will be reminded to segregate duties to practically accomplish internal controls.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted or the amounts appropriated.

IV-B-08 Questionable Expenditures – We noted 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.

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

IV-D-08 Business Transactions – No business transactions between the County and County officials or employees were noted.

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

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

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

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

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

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

Tama County
Audit Staff

This audit was performed by:

Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

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