

BUCHANAN COUNTY
Independence, Iowa

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2009

BUCHANAN COUNTY
Independence, Iowa

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BUCHANAN COUNTY
Independence, Iowa

OFFICIALS

(Before January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Ferreter	Board of Supervisors	January 2011
Ellen Gaffney	Board of Supervisors	January 2009
Ralph Kremer	Board of Supervisors	January 2011
Cindy Witt	County Auditor.....	January 2009
Judy Harland	County Treasurer	January 2011
Diane Curry.....	County Recorder	January 2011
Bill Wolfgram	County Sheriff	January 2009
Allan Vander Hart.....	County Attorney.....	January 2011
Brad Harms	County Assessor.....	Appointed

(After January 2009)

Mike Ferreter	Board of Supervisors	January 2011
Ellen Gaffney	Board of Supervisors	January 2013
Ralph Kremer	Board of Supervisors	January 2011
Cindy Gosse	County Auditor.....	January 2013
Judy Harland	County Treasurer	January 2011
Diane Curry.....	County Recorder	January 2011
Bill Wolfgram	County Sheriff	January 2013
Allan Vander Hart.....	County Attorney.....	January 2011
Brad Harms	County Assessor.....	Appointed



Gardiner Thomsen
Certified Public Accountants

Independent Auditors' Report

To the Officials of Buchanan County
Independence, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buchanan County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Buchanan County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buchanan County at June 30, 2009, and the respective changes in financial position and cash flows where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2010 on our consideration of Buchanan 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 - 9 and 34 - 36 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 Buchanan County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on the financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by the 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.

March 30, 2010

Gardiner Thompson, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Buchanan 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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 12%, or approximately \$1,892,127, from fiscal 2008 to fiscal 2009. Property tax increased approximately \$468,482, operating grants increased by \$866,980, and capital grants and contributions increased approximately \$561,059.
- Program expenses were 21% or approximately \$2,861,453, more in fiscal 2009 than in fiscal 2008. Roads and transportation expense increased approximately \$1,526,936. Public Safety and Legal Services expense increased approximately \$936,717.
- The County's net assets increased 4% or approximately \$1,224,843, from June 30, 2008 to June 30, 2009.

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 Buchanan 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 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 Buchanan 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 funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal 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 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, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) Proprietary funds account for the County's Internal Service Fund, Employee Group Health Insurance Account. 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 E911 and emergency management services and the County Assessor, to name a few.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES (CONTINUED)

The required financial statements for 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. Buchanan County's combined net assets were increased from a year ago, increasing from \$27 million to \$28.2 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	2009	2008
Current and Other Assets	\$17,294	\$13,140
Capital Assets (Net of Depreciation)	24,523	22,106
Total Assets	41,817	35,246
Long-Term Debt Outstanding	4,669	403
Other Liabilities	8,924	7,843
Total Liabilities	13,593	8,246
Net Assets:		
Invested in Capital Assets, Net of Related Debt	23,680	21,963
Restricted	2,206	3,251
Unrestricted	2,338	1,786
Total Net Assets	\$28,224	\$27,000

Net assets of Buchanan County's governmental activities increased 4% (\$28.2 million compared to \$27 million). The largest portion of the County's net assets is the invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. Restricted net assets represent resources that are 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 \$1,786,224 at June 30, 2008 to \$2,338,234 at the end of this year, a substantial increase.

This increase of approximately \$552,010 in unrestricted net assets was a result of an increase in charges for services, operating and capital grants, contributions and restricted interest and general revenues.

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

	Year ended June 30, 2009	Year ended June 30, 2008
Revenues:		
Program Revenues:		
Charges for Service	\$2,310	\$2,381
Operating Grants, Contributions and Restricted Interest	5,361	4,494
Capital Grants, Contributions and Restricted Interest	1,274	713
General Revenues:		
Property Tax	6,679	6,210
Penalty and Interest on Property Tax	63	62
State Tax Credits	334	312
Local Option Sales Tax	853	788
Unrestricted Investment Earning	110	213
Other General Revenues	216	137
Total Revenues	17,200	15,310
Program Expenses:		
Public Safety and Legal Services	2,949	2,013
Physical Health and Social Services	303	276
Mental Health	2,941	2,857
County Environment and Education	1,024	896
Roads and Transportation	5,978	4,451
Governmental Services to Residents	459	435
Administration	1,985	2,106
Non-Program	199	71
Interest on Long-term Debt	138	10
Total Expenses	15,976	13,115
 Increase in Net Assets	 1,224	 2,195
 Net Assets Beginning of Year (restated)	 27,000	 24,805
 Net Assets End of Year	 \$28,224	 \$27,000

The results of governmental activities for the year resulted in Buchanan County's net assets increasing by approximately \$1,224,843. Revenues for governmental activities increased by approximately \$1,892,127 from the prior year, with property tax revenue up from the prior year by approximately \$468,482.

The County increased property tax rates for 2009 by an average of 7.67%. This increase raised the County's property tax revenue by approximately \$500,114 in 2009 and is due to the debt service payment for the new jail and Law Enforcement Center.

The cost of all governmental activities this year was \$15.9 million compared to \$13.1 million last year. However, as shown in the Statement of Activities the amount taxpayers ultimately financed for these activities was only \$7,031,454 because some of the cost was paid by those directly benefiting from the programs (\$2,310,354) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7,671,245). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in 2009 from approximately \$7.6 million to \$8.9 million. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$6.7 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Buchanan County completed the year, its governmental funds reported a combined fund balance of \$7,878,187, an increase of \$2,928,097 above last year's total of \$4,950,090. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures increased when compared to the prior year. The ending fund balance showed an increase of \$60,645 from the prior year to \$1,971,510.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$2,982,372. The Mental Health Fund balance at year end increased by approximately \$220,822 from the prior year.
- The Rural Services Fund revenues and expenditures increased and decreased respectively, slightly over the prior year. The ending fund balance showed a decrease of \$81,159 from the prior year to \$260,747.
- Secondary Roads Fund expenditures increased by approximately \$2,189,508 over the prior year. The Secondary Roads Fund ending balance decreased approximately by \$609,076.

During the year ended June 30, 2009, the County issued \$4,550,000 of general obligation bonds to help finance the construction of the County Law Enforcement Center. The proceeds from the bond issued were placed in the Capital Projects Fund set up to account for this major project. Approximately \$3,162,941 remained in the Capital Projects Fund at the end of the year.

BUDGETARY HIGHLIGHTS

During the year, Buchanan County amended its budget one time. The amendment was made in May 2009. This amendment was made for net increases in revenues and in operational expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Buchanan County had approximately \$34.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$3,364,112 or 10% over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30, 2009	June 30, 2008
Land	\$1,847	\$1,820
Buildings and Improvements	3,813	3,413
Equipment and Vehicles	6,952	6,984
Infrastructure	19,572	18,605
Construction in Process	2,430	428
Total	\$34,614	\$31,250
This year's major additions include		
Capital Assets Contributed by the IA Department of Transportation	\$665,786	
Law Enforcement Center Construction in Progress	1,402,740	
Infrastructure	967,323	
County Sheriff/Vehicles	73,773	
Total	\$3,109,622	

The County had depreciation expense of \$1,109,848 in fiscal year 2009 and total accumulated depreciation of \$10,091,818 at June 30, 2009.

The County's fiscal year 2009 capital budget included \$4,923,065 for capital projects, principally for the upgrading of secondary roads and bridges and construction of the Law Enforcement Center. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2009 Buchanan County has approximately \$4,669,019 in general obligation notes and other debt outstanding compared to approximately \$402,547 at June 30, 2008, as shown below.

Outstanding Debt at Year-End of Governmental Activities (Expressed in Thousands)		
	2009	2008
General Obligation Notes	\$109	\$208
General Obligation Bonds	4,315	0
Drainage Warrants	36	15
Compensated Absences	210	179
Total	\$4,670	\$402

Debt increased as a result of debt issued for the Law Enforcement Center Project.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Buchanan County's outstanding general obligation debt is significantly below its constitutional debt limit of \$63.9 million. Other obligations include accrued vacation pay and sick leave. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Buchanan County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates, and the fees that will be charged for various County services. One of those factors is the economy. Unemployment in the County now stands at 6.9% versus 3.2% a year ago. This compares with the State's unemployment rate of 6.6% and the national rate of 10%.

These indicators were taken into account when adopting the budget for fiscal year 2010. With the increase in rural valuation, due to the rollback and new construction, rural levies increased slightly. Increased cost due to rural road projects, fairgrounds repairs and the construction of the Jail and Law Enforcement Center represent the largest increases.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buchanan 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 Buchanan County Auditor's Office, 210 – 5th Avenue NE, City of Independence, Iowa.

BUCHANAN COUNTY
Independence, Iowa

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities
ASSETS	
Cash & Pooled Investments	\$9,465,614
Receivables:	
Property Tax:	
Delinquent	9,197
Succeeding Year	6,919,587
Interest & Penalty On Property Tax	26
Accounts	16,845
Accrued Interest	1,763
Drainage Assessments	18,350
Due From Other Governments	425,957
Inventories	366,785
Prepaid Insurance	70,451
Capital Assets (Net of Accumulated Depreciation)	24,522,885
TOTAL ASSETS	41,817,460
LIABILITIES	
Accounts Payable	1,526,040
Accrued Interest Payable	19,895
Salaries & Benefits Payable	170,693
Due To Other Governments	288,024
Deferred Revenue:	
Succeeding Year Property Tax	6,919,587
Long-Term Liabilities:	
Portion Due Or Payable Within One Year:	
General Obligation Notes	99,335
General Obligation Bonds	155,000
Compensated Absences	209,665
Portion Due Or Payable After One Year:	
General Obligation Notes	9,334
General Obligation Bonds	4,160,000
Drainage Warrants Payable	35,685
TOTAL LIABILITIES	13,593,258
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	23,679,973
Restricted For:	
Mental Health Purposes	575,476
Secondary Roads Purposes	1,166,380
Debt Service	(2,915)
Capital Projects	(380,246)
Other Purposes	847,300
Unrestricted	2,338,234
TOTAL NET ASSETS	\$28,224,202

See Notes To Financial Statements

BUCHANAN COUNTY
Independence, Iowa

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2009

	Program Revenues				Net (Expense) Revenue & Changes In Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions, & Restricted Interest	Capital Grants, Contributions, & Restricted Interest	
FUNCTIONS/PROGRAMS:					
GOVERNMENTAL ACTIVITIES:					
Public Safety and Legal Services	\$2,949,444	\$412,562	\$790,468	\$0	\$(1,746,414)
Physical Health and Social Services	303,314	7,950	190,622	0	(104,742)
Mental Health	2,940,550	1,030,241	827,545	0	(1,082,764)
County Environment and Education	1,023,920	213,434	137,489	0	(672,997)
Roads and Transportation	5,977,707	103,410	3,414,767	1,273,678	(1,185,852)
Governmental Services to Residents	458,880	348,351	0	0	(110,529)
Administration	1,984,754	10,573	0	0	(1,974,181)
Non-program	199,380	183,833	0	0	(15,547)
Interest on Long-Term Debt	138,428	0	0	0	(138,428)
TOTAL	\$15,976,377	\$2,310,354	\$5,360,891	\$1,273,678	(7,031,454)
GENERAL REVENUES:					
Property and Other County Tax Levied For:					
General Purposes					6,254,688
Debt Service					423,835
Penalty and Interest on Property Tax					63,175
State Tax Credits					334,199
Local Option Sales Tax					853,498
Unrestricted Investment Earnings					109,553
Miscellaneous					142,924
Gain on Disposal of Capital Assets					74,425
TOTAL GENERAL REVENUES					8,256,297
CHANGE IN NET ASSETS					1,224,843
NET ASSETS, BEGINNING OF YEAR					26,999,359
NET ASSETS END OF YEAR					\$28,224,202

See Notes To Financial Statements

BUCHANAN COUNTY
Independence, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Special Revenue Mental Health
ASSETS		
Cash and Pooled Investments:	\$1,992,561	\$917,811
Receivables:		
Property Tax:		
Delinquent	4,933	1,663
Succeeding Year	3,638,996	1,226,289
Interest and Penalty on Property Taxes	26	0
Accounts	1,343	7,767
Accrued Interest	1,383	0
Assessments	0	0
Due From Other Governments	34,011	65,357
Prepaid Insurance	49,389	0
Inventories	0	0
TOTAL ASSETS	\$5,722,642	\$2,218,887
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$49,305	\$125,332
Salaries and Benefits Payable	48,172	13,942
Accrued Interest	0	0
Due To Other Governments	10,176	277,848
Deferred Revenue:		
Succeeding Year Property Tax	3,638,996	1,226,289
Other	4,483	11,501
Total Liabilities	3,751,132	1,654,912
Fund Balances:		
Reserved For:		
Inventories	0	0
Debt Service	0	0
Unreserved, reported in:		
General	1,971,510	0
Special Revenue	0	563,975
Capital Projects	0	0
Total Fund Balances	1,971,510	563,975
TOTAL LIABILITIES & FUND BALANCES	\$5,722,642	\$2,218,887

See Notes To Financial Statements

Special Revenue Funds				
Rural Services	Secondary Roads	Capital Projects	Nonmajor	Total
\$224,488	\$1,510,007	\$3,575,598	\$634,826	\$8,855,291
1,993	0	0	608	9,197
1,610,138	0	0	444,164	6,919,587
0	0	0	0	26
	4,721	2,865	149	16,845
0	0	0	380	1,763
0	0	0	18,350	18,350
80,143	245,513	0	933	425,957
878	20,184	0	0	70,451
0	366,785	0	0	366,785
<u>\$1,917,640</u>	<u>\$2,147,210</u>	<u>\$3,578,463</u>	<u>\$1,099,410</u>	<u>\$16,684,252</u>
\$14,785	\$771,132	\$415,522	\$14,860	\$1,390,936
30,076	78,503	0	0	170,693
0	0	0	1,647	1,647
0	0	0	0	288,024
1,610,138	0	0	444,164	6,919,587
1,894	0	0	17,300	35,178
<u>1,656,893</u>	<u>849,635</u>	<u>415,522</u>	<u>477,971</u>	<u>8,806,065</u>
0	366,785	0	0	366,785
0	0	0	14,778	14,778
0	0	0	0	1,971,510
260,747	930,790	0	606,661	2,362,173
0	0	3,162,941	0	3,162,941
<u>260,747</u>	<u>1,297,575</u>	<u>3,162,941</u>	<u>621,439</u>	<u>7,878,187</u>
<u>\$1,917,640</u>	<u>\$2,147,210</u>	<u>\$3,578,463</u>	<u>\$1,099,410</u>	<u>\$16,684,252</u>

BUCHANAN COUNTY
Independence, Iowa

RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2009

Total Governmental Fund Balances (Pages 12-13) **\$7,878,187**

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 funds. The cost of the assets is \$34,614,703 and the accumulated depreciation is \$10,091,818. 24,522,885

Other long-term assets are not available to pay current expenditures and, therefore, are deferred in the funds. 35,178

The Internal Service Fund is used by management to charge the costs of self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 475,219

Long-term liabilities, including bonds payable, compensated absences payable, and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. (4,687,267)

Net Assets of Governmental Activities (Page 10) \$28,224,202

See Notes To Financial Statements.

BUCHANAN COUNTY
Independence, Iowa

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Special Revenue Mental Health
REVENUES:		
Property and Other County Tax	\$3,601,975	\$1,225,866
Interest and Penalty on Property Tax	63,175	0
Intergovernmental	666,116	1,934,050
Licenses and Permits	630	0
Charges for Services	447,807	251
Use of Money and Property	211,122	0
Miscellaneous	53,042	43,027
Total Revenues	5,043,867	3,203,194
EXPENDITURES:		
Operating:		
Public Safety and Legal Services	1,601,155	0
Physical Health and Social Services	267,127	0
Mental Health	0	2,982,372
County Environment and Education	513,456	0
Roads and Transportation	0	0
Governmental Services to Residents	464,200	0
Administration	2,018,487	0
Non-program	36,248	0
Debt Service	9,335	0
Capital Projects	11,439	0
Total Expenditures	4,921,447	2,982,372
Excess (Deficiency) of Revenues Over (Under) Expenditures	122,420	220,822
Other Financing Sources (Uses):		
Sale of Capital Assets	7,225	0
Operating Transfers In	6,000	0
Operating Transfers Out	(75,000)	0
General Obligation Note Issued	0	0
Drainage Warrants/Improvement Certificates	0	0
Total Other Financing Sources (Uses)	(61,775)	0
Net Change in Fund Balances	60,645	220,822
Fund Balances – Beginning of Year	1,910,865	343,153
Increase in Reserve For Inventories	0	0
Fund Balances – End of Year	\$1,971,510	\$563,975

See Notes To Financial Statements

Special Revenue Funds				
Rural Services	Secondary Roads	Capital Projects	Nonmajor	Total
\$2,282,050	\$0	\$0	\$423,986	\$7,533,877
0	0	0	0	63,175
172,553	4,042,209	704,980	131,953	7,651,861
7,950	11,116	0	0	19,696
2,020	76	0	78,124	528,278
0	0	41,429	44,948	297,499
1,682	124,279	0	26,322	248,352
2,466,255	4,177,680	746,409	705,333	16,342,738
661,379	0	0	0	2,262,534
36,803	0	0	0	303,930
0	0	0	0	2,982,372
448,483	0	0	256,825	1,218,764
0	5,289,483	0	0	5,289,483
3,272	0	0	2,060	469,532
0	0	0	0	2,018,487
0	0	0	33,198	69,446
0	0	0	445,720	455,055
0	1,058,715	2,133,468	0	3,203,622
1,149,937	6,348,198	2,133,468	737,803	18,273,225
1,316,318	(2,170,518)	(1,387,059)	(32,470)	(1,930,487)
0	7,995	0	192,286	207,506
0	1,472,477	0	0	1,478,477
(1,397,477)	0	0	(6,000)	(1,478,477)
0	0	4,550,000	0	4,550,000
0	0	0	20,108	20,108
(1,397,477)	1,480,472	4,550,000	206,394	4,777,614
(81,159)	(690,046)	3,162,941	173,924	2,847,127
341,906	1,906,651	0	447,515	4,950,090
0	80,970	0	0	80,970
\$260,747	\$1,297,575	\$3,162,941	\$621,439	\$7,878,187

**BUCHANAN COUNTY
Independence, Iowa**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds (Pages 15-16) \$2,847,127

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

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

Expenditures for Capital Assets	\$2,994,226	
Capital Assets Contributed by the Iowa Department of Transportation	665,786	
Depreciation Expense	<u>(1,109,848)</u>	2,550,164

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (133,081)

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	(1,856)	
Other	<u>(37,734)</u>	(39,590)

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

Issued	(4,570,108)	
Repaid	<u>334,335</u>	(4,235,773)

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

Compensated Absences	(30,699)	
Interest on Long-Term Debt	<u>(17,708)</u>	(48,407)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net asset is exhausted. 80,970

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 203,433

Change in Net Assets of Governmental Activities (Page 11) \$1,224,843

See Notes to Financial Statements

**BUCHANAN COUNTY
Independence, Iowa**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009**

	Internal Service Employee Group Health
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$610,323
<hr/>	
LIABILITIES	
Accounts Payable	\$135,104
<hr/>	
NET ASSETS	
Unrestricted	\$475,219
<hr/>	

See Notes To Financial Statements

BUCHANAN COUNTY
Independence, Iowa

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2009

	Internal Service Employee Group Health
OPERATING REVENUES:	
Reimbursements From Operating Funds	\$1,616,007
Reimbursements From Employees	70,559
Miscellaneous	57,754
Total Operating Revenues	<u>1,744,320</u>
OPERATING EXPENSES:	
Medical Claims	1,218,726
Insurance Premiums	312,442
Administrative Fees	10,520
Total Operating Expenses	<u>1,541,688</u>
Operating Income	202,632
NON-OPERATING REVENUES:	
Interest on Investments	<u>801</u>
Net Income	203,433
Net Assets Beginning of Year	<u>271,786</u>
Net Assets End of Year	<u><u>\$475,219</u></u>

See Notes To Financial Statements

**BUCHANAN COUNTY
Independence, Iowa**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009**

	Internal Service Employee Group Health
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Operating Fund Reimbursements	\$1,616,007
Cash Received From Employees and Others	128,313
Cash Payments To Suppliers For Services	(1,542,994)
Net Cash Provided By Operating Activities	<u>201,326</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	<u>801</u>
Net Increase in Cash and Cash Equivalents	202,127
Cash & Cash Equivalents at Beginning of Year	<u>408,196</u>
Cash & Cash Equivalents at End of Year	<u><u>\$610,323</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$202,632
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Decrease In Accounts Payable	<u>(1,306)</u>
Net Cash Provided By Operating Activities	<u><u>\$201,326</u></u>

See Notes To Financial Statements

BUCHANAN COUNTY
Independence, Iowa

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2009

ASSETS

Cash & Pooled Investments:	
County Treasurer	\$866,546
Other County Officials	59,152
Receivables:	
Property Tax:	
Delinquent	2,368
Succeeding Year	17,765,199
Accounts	13,767
Accrued Interest	88
TOTAL ASSETS	18,707,120

LIABILITIES

Accounts Payable	1,738
Due To Other Governments	18,619,791
Trusts Payable	78,060
Compensated Absences	7,531
TOTAL LIABILITIES	18,707,120

NET ASSETS	\$0
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See Notes To Financial Statements

BUCHANAN COUNTY
Independence, Iowa

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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

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

A. REPORTING ENTITY

For financial reporting purposes, Buchanan 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 Buchanan 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.

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary 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 nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue

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

The Rural Services Fund is used to account for property tax and 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 the secondary road construction and maintenance.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIS OF PRESENTATION (CONTINUED)

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

Additionally the County reports the following funds:

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

The proprietary funds 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 of Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Notes to Financial Statements (Continued)

Note 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 convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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

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

Property tax revenue recognized in these funds becomes 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2008.

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

Drainage Assessments Receivable – Drainage assessments receivable represent the amounts assessed to individuals for work done on drainage districts which benefit their property.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value 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.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$50,000
Land, Buildings and Improvements	\$25,000
Equipment and Vehicles	\$5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-65
Building Improvements	20-50
Infrastructure	10-65
Equipment	2-20
Vehicles	3-10

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

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

Compensated Absences – 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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded amounts budgeted in the Debt Service function.

Note 2: Cash and Pooled Investments

The County's deposits in banks at June 30, 2009, 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.

Notes to Financial Statements (Continued)

Note 2: Cash and Pooled Investments (Continued)

The County had investments in the Iowa Public Agency Investment Trust which are valued at amortized cost of \$5,800,983, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

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

Note 3: Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2009, is as follows:

Transfer To	Transfer From	Amount
General Basic	Special Revenue:	
	REAP	\$5,000
	Recorder's Records Management	1,000
Special Revenue:		
Secondary Roads	General	75,000
	Special Revenue:	
	Rural Services	1,397,477
Total		<u>\$1,478,477</u>

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

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$1,820,483	\$139,414	\$113,249	\$1,846,648
Construction in Progress	427,700	2,068,526	66,155	2,430,071
Total Capital Assets Not Being Depreciated	<u>2,248,183</u>	<u>2,207,940</u>	<u>179,404</u>	<u>4,276,719</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	3,362,706	399,422	0	3,762,128
Machinery and Equipment	6,000,802	40,519	45,129	5,996,192
Vehicles	1,033,791	110,964	137,522	1,007,233
Infrastructure, Road Network	18,605,108	967,323	0	19,572,431
Total Capital Assets Being Depreciated	<u>29,002,407</u>	<u>1,518,228</u>	<u>182,651</u>	<u>30,337,984</u>

Notes to Financial Statements (Continued)

Note 4: Capital Assets (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Less Accumulated Depreciation for:				
Buildings and Improvements	\$1,976,812	\$55,131	\$0	\$2,031,943
Machinery and Equipment	3,222,571	420,784	39,524	3,603,831
Vehicles	661,361	105,611	123,293	643,679
Infrastructure, Road Network	3,284,043	528,322	0	3,812,365
Total Accumulated Depreciation	9,144,787	1,109,848	162,817	10,091,818
Total Capital Assets Being Depreciated, Net	19,857,620	408,380	19,834	20,246,166
Governmental Activities Capital Assets, Net	\$22,105,803	\$2,616,320	\$199,238	\$24,522,885

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public Safety and Legal Services	\$89,132
Mental Health	4,521
County Environment and Education	53,329
Roads and Transportation	895,420
Governmental Services to Residents	9,411
Administration	58,035
Total Depreciation Expense – Governmental Activities	<u>\$1,109,848</u>

Note 5: Due to Other Governments

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

Fund	Description	Amount
General	Services	\$10,176
Special Revenue:		
Mental Health	Services	277,848
Total for Governmental Funds		<u>\$288,024</u>
Agency:		
Agricultural Extension	Collections	\$183,090
Assessor & Special Appraisal		434,624
Schools		10,938,972
Community Colleges		741,706
Corporations		4,745,522
Auto License & Use Tax		1,575,877
Total for Agency Funds		<u>\$18,619,791</u>

Notes to Financial Statements (Continued)

Note 6: Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009, is as follows:

	General Obligation Notes & Bonds	Conservation Note	Compensated Absences	Drainage	Total
Balance Beginning of Year	\$180,000	\$28,003	\$178,966	\$15,577	\$402,546
Increases	4,550,000	0	30,699	20,108	4,600,807
Decreases	325,000	9,333	0	0	334,333
Balance End of Year	\$4,405,000	\$18,670	\$209,665	\$35,685	\$4,669,020
Due Within One Year	\$245,000	\$9,335	\$209,665	\$0	\$464,000

Notes Payable

During the year ended June 30, 2005, the County issued \$420,000 of General Obligation County Purpose Notes for the purpose of providing funds to pay the cost of acquiring voting and computer equipment and improving the parking lot at the Courthouse. The notes are general obligations of the County and will be paid with taxes levied on all taxable property in the County. Interest is payable semiannually commencing on December 1, 2005, principal is due annually commencing June 1, 2006. The note is to be paid in full on June 1, 2010. The County was in compliance in the issuance of the notes. A summary of the General Obligation Note indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2010	4.50%	\$90,000	\$3,285	\$93,285

On December 1, 2008, the County issued \$4,550,000 of General Obligation County Jail Bonds, Series 2008. The bonds were issued for the purpose of providing the funds to pay the cost of constructing, furnishing and equipping a County jail and public safety center, which was approved at a special election held on August 21, 2007. Interest ranges from 4.85% to 5.40% over the life of the issue. Interest payments are due semiannually on June 1 and December 1, from 2009 through June 1, 2027. Principal payments are due annually commencing June 1, 2009.

A summary of the County's General Obligation Bond indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2010	2.95%	\$155,000	\$215,682	\$370,682
2011	3.05%	165,000	208,165	373,165
2012	3.15%	170,000	200,163	370,163
2013	3.25%	180,000	191,917	371,917
2014	3.35%	190,000	183,188	373,188
2015-2019	3.45-3.85%	1,080,000	770,785	1,850,785
2020-2024	3.95-4.30%	1,370,000	483,783	1,853,783
2025-2027	4.35-4.45%	1,005,000	109,505	1,114,505
		\$4,315,000	\$2,363,188	\$6,678,188

The County was in compliance in this issuance of this debt.

Notes to Financial Statements (Continued)

Note 6: Changes in Long-Term Liabilities (Continued)

During the year ended June 30, 2001, the Executive Council of Iowa approved a loan from the Contingency Fund for the Fontana Dam Restoration Project to the Buchanan County Conservation Board. The loan is free of interest and is due in 10 annual installments of \$9,335, the first payment due on December 4, 2001.

A summary of debt is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2010	\$9,335
2011	9,335
	<u>\$18,670</u>

Note 7: Pension and Retirement Benefits

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

Most plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$277,602, \$255,520 and \$222,614, respectively, equal to the required contributions for each year.

Note 8: Risk Management

Buchanan County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 577 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

Notes to Financial Statements (Continued)

Note 8: Risk Management (Continued)

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2009 were \$137,764.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk sharing protection provided by the member's risk sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of their capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for worker's compensation and employee blanket bond in excess of \$1,000,000 and \$20,000 per employee, with additional \$100,000 coverage on the Treasurer. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Notes to Financial Statements (Continued)

Note 9: Health Insurance Plan

The County is self-insured for health insurance coverage of its employees. Claims of the employees are submitted to a third-party administrator who, in turn, bills the plan funds for the necessary amount. The plan is covered by reinsurance to protect the stop-loss of 125% of expected claims.

The County's contribution for the year ended June 30, 2009 was \$1,616,007.

Note 10: Commitments and Contingencies

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

Note 11: Related Party Transactions

The County had business transactions between the County and County officials during the year ended June 30, 2009.

Note 12: Budget Over-expenditure

Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by function or amounts appropriated by department. During the year ended June 30, 2009, disbursements in the Debt Service function exceeded the amounts budgeted and disbursements in certain departments exceeded the amounts appropriated.

Note 13: 28E Agreement

Buchanan County participates in an agreement with the Buchanan County Landfill Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the County and member municipalities.

The County has provided a local government guarantee for a portion of the postclosure costs of the Commission in accordance with Chapter 111.6(8) of the Iowa Administrative Code. Total costs of postclosure of the landfill as of June 30, 2009 are equal to the postclosure estimated amounts and the County's financial assurance obligation of that amount is assured.

In the event the Commission fails to perform postclosure care in accordance with the appropriate plan or permit, whenever required to do so, or fails to obtain alternate financial assurance with 90 days of intent to cancel, the County will perform, or pay a third party to perform, postclosure care or establish a standby trust fund in the name of the Commission or obtain alternate financial assurance in the amount of the assured amount.

BUCHANAN COUNTY
Independence, Iowa

**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, 2009**

	Actual	Less Funds Not Required to Be Budgeted	Net	Budgeted Amounts		Final to Actual Variance Positive (Negative)
				Original	Final	
RECEIPTS:						
Property & Other County Tax	\$7,532,594	\$0	\$7,532,594	\$7,482,085	\$7,572,085	\$(39,491)
Interest & Penalty on Property Tax	63,350	0	63,350	51,000	51,000	12,350
Intergovernmental	7,802,827	0	7,802,827	6,635,186	8,264,014	(461,187)
Licenses & Permits	18,426	0	18,426	12,750	12,750	5,676
Charges for Services	537,830	0	537,830	455,686	455,686	82,144
Use of Money & Property	302,977	0	302,977	416,688	416,688	(113,711)
Miscellaneous	245,999	21,562	224,437	69,861	69,861	154,576
Total Receipts	16,504,003	21,562	16,482,441	15,123,256	16,842,084	(359,643)
DISBURSEMENTS:						
Public Safety & Legal Services	2,260,521	0	2,260,521	2,307,979	2,338,779	78,258
Physical Health & Social Services	308,889	0	308,889	342,684	359,084	50,195
Mental Health	3,149,907	0	3,149,907	2,963,889	3,349,630	199,723
County Environment & Education	1,214,734	0	1,214,734	1,049,112	1,244,566	29,832
Roads & Transportation	4,714,857	0	4,714,857	5,079,900	5,079,900	365,043
Governmental Services to Residents	468,500	0	468,500	527,217	529,277	60,777
Administrative Services	2,025,242	0	2,025,242	2,064,798	2,194,998	169,756
Non-program	71,506	20,108	51,398	57,725	120,225	68,827
Debt Service	455,055	0	455,055	453,819	453,819	(1,236)
Capital Projects	2,787,785	0	2,787,785	5,646,000	4,923,065	2,135,280
Total Disbursements	17,456,996	20,108	17,436,888	20,493,123	20,593,343	3,156,455
Excess (Deficiency) of Receipts Over (Under) Disbursements	(952,993)	1,454	(954,447)	(5,369,867)	(3,751,259)	2,796,812
Other Financing Sources, Net	4,777,614	20,108	4,757,506	4,550,000	4,776,997	(19,491)
Excess (Deficiency) of Receipts & Other Financing Sources Over (Under) Disbursements & Other Financing Uses	3,824,621	21,562	3,803,059	(819,867)	1,025,738	2,777,321
Balance Beginning of Year	5,030,220	476	5,030,194	5,030,671	9,241,475	(4,211,731)
Balance End of Year	\$8,854,841	\$22,038	\$8,832,803	\$4,210,804	\$10,267,213	\$(1,434,410)

See Accompanying Independent Auditors' Report

BUCHANAN COUNTY
Independence, Iowa

BUDGETARY COMPARISON SCHEDULE - BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$16,504,003	\$(161,265)	\$16,342,738
Expenditures	17,456,996	816,229	18,273,225
Net	(952,993)	(977,494)	(1,930,487)
Other Financing Sources, Net	4,777,614	0	4,777,614
Beginning Fund Balances	5,030,220	(80,130)	4,950,090
Increase in Reserve For:			
Inventories	0	80,970	80,970
Ending Fund Balances	\$8,854,841	\$(976,654)	\$7,878,187

See Accompanying Independent Auditors' Report

Buchanan County
Independence, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison 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 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$100,220. 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.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the Debt Service function and disbursements in certain departments exceeded the amounts appropriated.

BUCHANAN COUNTY
Independence, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	Jail Room and Board	Commissary Profit	Sheriff's Canine	Sheriff's Forfeiture	Sheriff's Federal Forfeiture
ASSETS					
Cash & Pooled Investments:					
County Treasurer	\$89,362	\$9,317	\$5,145	\$225	\$41
Receivables:					
Property Tax					
Delinquent	0	0	0	0	0
Succeeding Year	0	0	0	0	0
Accounts	0	0	0	0	0
Accrued Interest	0	6	4	0	0
Assessments	0	0	0	0	0
Due from Other Governments	0	0	0	0	0
TOTAL ASSETS	\$89,362	\$9,323	\$5,149	\$225	\$41
LIABILITIES, FUND EQUITY AND OTHER CREDITS					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Interest	0	0	0	0	0
Deferred Revenue					
Succeeding Year Property Tax	0	0	0	0	0
Other	0	0	0	0	0
TOTAL LIABILITIES	0	0	0	0	0
Fund Equity and Other Credits					
Fund Balances					
Reserved for					
Debt Service	0	0	0	0	0
Unreserved	89,362	9,323	5,149	225	41
TOTAL FUND EQUITY AND OTHER CREDITS	89,362	9,232	5,149	225	41
TOTAL LIABILITIES AND FUND BALANCES	\$89,362	\$9,323	\$5,149	\$225	\$41

See Accompanying Independent Auditors' Report

Schedule 1

REAP	Recorder Records Management	Recorders Electronic Transaction	Nature Center	Drainage	Conservation Fiduciary	Conservation Reserve	Debt Service	Total
\$81,137	\$20,636	\$279	\$22,889	\$22,038	\$449	\$368,583	\$14,725	\$634,826
0	0	0	0	0	0	0	608	608
0	0	0	0	0	0	0	444,164	444,164
0	0	0	0	0	0	149	0	149
16	11	0	5	0	0	338	0	380
0	0	0	0	18,350	0	0	0	18,350
0	0	0	0	0	0	933	0	933
\$81,153	\$20,647	\$279	\$22,894	\$40,388	\$449	\$370,003	\$459,497	\$1,099,410
\$0	\$0	\$0	\$0	\$14,860	\$0	\$0	\$0	\$14,860
0	0	0	0	1,647	0	0	0	1,647
0	0	0	0	0	0	0	444,164	444,164
0	0	0	0	16,745	0	0	555	17,300
0	0	0	0	33,252	0	0	444,719	477,971
0	0	0	0	0	0	0	14,778	14,778
81,153	20,647	279	22,894	7,136	449	370,003	0	606,661
81,153	20,647	279	22,894	7,136	449	370,003	14,778	621,439
\$81,153	\$20,647	\$279	\$22,894	\$40,388	\$449	\$370,003	\$459,497	\$1,099,410

BUCHANAN COUNTY
Independence, Iowa

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	Jail Room and Board	Commissary Profit	Sheriff's Canine	Sheriff's Forfeiture	Sheriff's Federal Forfeiture
REVENUES:					
Property and Other County Tax	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Charges for Services	69,058	4,399	0	0	0
Use of Money and Property	0	16	8	1	0
Miscellaneous	0	0	0	0	0
Total Revenues	69,058	4,415	8	1	0
EXPENDITURES:					
Operating:					
County Environment and Education	0	0	0	0	0
Governmental Services to Residents	0	0	0	0	0
Non-program	0	0	0	0	0
Debt Service	0	0	0	0	0
Total Expenditures	0	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	69,058	4,415	8	1	0
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Drainage Warrants/Improvement Certificates	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	69,058	4,415	8	1	0
Fund Balances Beginning of Year	20,304	4,908	5,141	224	41
Fund Balances End of Year	\$89,362	\$9,323	\$5,149	\$225	\$41

See Accompanying Independent Auditors' Report

Schedule 2

REAP	Recorder's Records Management	Recorder's Electronic Transaction	Nature Center	Drainage	Conservation Fiduciary	Conservation Reserve	Debt Service	Total
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$423,986	\$423,986
19,206	0	0	0	0	0	92,028	20,719	131,953
0	4,667	0	0	0	0	0	0	78,124
252	67	15	93	0	0	44,496	0	44,948
0	0	0	4	23,167	0	3,151	0	26,322
19,458	4,734	15	97	23,167	0	139,675	444,705	705,333
909	0	0	2,284	0	0	253,632	0	256,825
0	2,060	0	0	0	0	0	0	2,060
0	0	0	0	33,198	0	0	0	33,198
0	0	0	0	0	0	0	445,720	445,720
909	2,060	0	2,284	33,198	0	253,632	445,720	737,803
18,549	2,674	15	(2,187)	(10,031)	0	(113,957)	(1,015)	(32,470)
0	0	0	0	0	0	192,286	0	192,286
(5,000)	0	0	0	0	0	(1,000)	0	(6,000)
0	0	0	0	20,108	0	0	0	20,108
(5,000)	0	0	0	20,108	0	191,286	0	206,394
13,549	2,674	15	(2,187)	10,077	0	77,329	(1,015)	173,924
67,604	17,973	264	25,081	(2,941)	449	292,674	15,793	447,515
\$81,153	\$20,647	\$279	\$22,894	\$7,136	\$449	\$370,003	\$14,778	\$621,439

BUCHANAN COUNTY
Independence, Iowa

COMBINING SCHEDULE OF FIDUCIARY
 ASSETS AND LIABILITIES
AGENCY FUNDS
 June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash and Pooled Investments:				
County Treasurer	\$0	\$2,549	\$84,133	\$148,604
Other County Officials	59,152	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	22	25	1,335
Succeeding Year	0	180,519	205,568	10,789,033
Accounts	0	0	29	0
Accrued Interest	0	0	0	0
TOTAL ASSETS	\$59,152	\$183,090	\$289,755	\$10,938,972
LIABILITIES				
Accounts Payable	\$0	\$0	\$0	\$0
Due to Other Governments	0	183,090	284,021	10,938,972
Trusts Payable	59,152	0	0	0
Compensated Absences	0	0	5,734	0
TOTAL LIABILITIES	\$59,152	\$183,090	\$289,755	\$10,938,972

See Accompanying Independent Auditors' Report

Schedule 3

Community Colleges	Corporations	Townships	Auto License & Use Tax	Other	Total
\$9,929 0	\$73,705 0	\$3,140 0	\$388,421 0	\$156,065 0	\$866,546 59,152
89 731,688 0 0	766 4,671,051 0 0	12 230,496 0 0	0 0 0 0	119 956,844 13,738 88	2,368 17,765,199 13,767 88
\$741,706	\$4,745,522	\$233,648	\$388,421	\$1,126,854	\$18,707,120
\$0 741,706 0 0	\$0 4,745,522 0 0	\$0 233,648 0 0	\$0 388,421 0 0	\$1,738 1,104,411 18,908 1,797	\$1,738 18,619,791 78,060 7,531
\$741,706	\$4,745,522	\$233,648	\$388,421	\$1,126,854	\$18,707,120

BUCHANAN COUNTY
Independence, Iowa

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES – AGENCY FUNDS**
Year Ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances Beginning of Year	\$37,830	\$177,110	\$275,186	\$10,153,033
Additions:				
Property and Other County Tax	0	180,316	205,342	10,776,112
E911 Surcharge	0	0	0	0
State Tax Credits	0	8,725	9,703	502,600
Office Fees and Collections	375,785	0	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	127,918	0	0	0
Miscellaneous	38,854	0	836	0
Total Additions	542,557	189,041	215,881	11,278,712
Deductions:				
Agency Remittances:				
To Other Funds	216,017	0	0	0
To Other Governments	166,079	183,061	201,312	10,492,773
Trusts Paid Out	139,139	0	0	0
Total Deductions	521,235	183,061	201,312	10,492,773
Balances End of Year	\$59,152	\$183,090	\$289,755	\$10,938,972

See Accompanying Independent Auditors' Report

Schedule 4

Community Colleges	Corporations	Townships	Auto License & Use Tax	Other	Totals
\$694,201	\$4,682,699	\$220,369	\$336,800	\$1,133,017	\$17,710,245
730,358	4,624,627	232,085	0	955,789	17,704,629
0	0	0	0	114,803	114,803
33,498	193,511	11,004	0	45,230	804,271
0	0	0	0	0	375,785
0	0	0	4,714,651	0	4,714,651
0	0	0	0	39,600	39,600
0	0	0	0	960	128,878
0	0	0	0	410,514	450,204
763,856	4,818,138	243,089	4,714,651	1,566,896	24,332,821
0	0	0	199,437	35	415,489
716,351	4,755,315	229,810	4,463,593	1,567,640	22,775,934
0	0	0	0	5,384	144,523
716,351	4,755,315	229,810	4,663,030	1,573,059	23,335,946
\$741,706	\$4,745,522	\$233,648	\$388,421	\$1,126,854	\$18,707,120

BUCHANAN COUNTY
Independence, Iowa

**SCHEDULE OF REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS**

For the Last Seven Years

	Modified Accrual Basis		
	2009	2008	2007
Revenues:			
Property & Other County Tax	\$7,533,877	\$6,995,987	\$6,978,285
Interest & Penalty On Property Tax	63,175	62,457	31,435
Intergovernmental	7,651,861	6,377,517	5,972,865
Licenses & Permits	19,696	15,005	14,006
Charges For Service	528,278	484,404	503,470
Use of Money & Property	297,499	325,461	328,005
Miscellaneous	248,352	224,273	125,384
Total	\$16,342,738	\$14,485,104	\$13,953,450
Expenditures:			
Operating:			
Public Safety & Legal Services	\$2,262,534	\$2,493,996	\$1,956,602
Physical Health & Social Services	303,930	280,727	282,550
Mental Health	2,982,372	2,874,459	2,815,813
County Environment & Education	1,218,764	1,228,838	881,996
Roads and Transportation	5,289,483	4,025,950	3,626,634
Governmental Services To Residents	469,532	462,462	372,033
Administration	2,018,487	1,896,146	1,893,738
Non-program	69,446	53,712	33,522
Debt Services	455,055	104,105	186,343
Capital Projects	3,203,622	169,620	713,308
Total	\$18,273,225	\$13,590,015	\$12,762,539

See Accompanying Independent Auditors' Report

Schedule 5

Modified Accrual Basis			
2006	2005	2004	2003
\$6,468,892	\$6,390,781	\$5,776,781	\$5,200,535
60,696	65,401	57,370	52,977
5,662,227	5,896,416	5,284,982	4,742,734
16,631	13,907	14,475	12,182
515,110	591,508	553,649	537,460
258,912	150,031	115,019	125,301
215,443	155,551	126,927	158,158
\$13,197,911	\$13,263,595	\$11,929,203	\$10,829,347
\$2,493,081	\$2,397,070	\$2,218,273	\$2,233,465
159,317	169,989	156,274	183,352
2,504,044	2,505,863	2,371,445	2,248,634
830,266	623,719	593,717	617,592
4,434,783	4,398,858	3,212,903	3,441,287
573,061	386,754	334,368	337,830
1,809,031	1,422,123	1,351,040	1,227,014
32,282	29,224	101,051	35,563
182,283	106,441	239,299	252,078
905,675	934,422	338,056	241,242
\$13,923,823	\$12,974,463	\$10,916,426	\$10,818,057

BUCHANAN COUNTY
Independence, Iowa

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice: Community Oriented Policing Services 2008 COPS Technology Program	16.710	2008CKWX0320	<u>\$704,980</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Human Services: Human Services Administrative Reimbursements: State Administrative Matching Grants for Food Stamp Program	10.561		<u>\$10,700</u>
U.S. Fish and Wildlife Service: Iowa Department of Natural Resources: North American Wetlands Conservation Act	15.623		<u>186,980</u>
U.S. Department of Justice: Iowa Department of Justice: Edward Byrne Memorial State & Local Law Enforcement Assistance Formula Grant Program	16.738	08JAG/C06-A03	<u>71,895</u>
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205		<u>607,892</u>
National Highway Traffic Safety Administration: Iowa Department of Public Safety: Traffic Safety Bureau: Incentive Grants for Use of Seat Belts	20.604	09-406, Task 20	<u>4,000</u>
U.S. Department of Health and Human Services: Iowa Department of Human Services: Human Services Administrative Reimbursements: Temporary Assistance for Needy Families	93.558		<u>9,844</u>
Refugee	93.566		<u>15</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,821</u>
Foster Care – Title IV-E	93.658		<u>5,938</u>
Adoption Assistance	93.659		<u>1,440</u>
Medical Assistance Program	93.778		<u>12,973</u>
Expansion Title XXI	93.767		<u>81</u>
Social Services Block Grant	93.667		<u>6,451</u>
Social Services Block Grant	93.667		<u>86,060</u>
			<u>92,511</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (Continued):			
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management			
Division:			
Disaster Recovery – Public Assistance	97.036	DR 1763	<u>\$375,076</u>
Emergency Management Planning Grant	97.042		<u>12,771</u>
Total Indirect			<u><u>\$1,394,937</u></u>
Total			<u><u>\$2,099,917</u></u>

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

See accompanying independent auditors' report.



Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Buchanan County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buchanan County, Iowa, as of and for the years ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 30, 2010. We conducted our audit in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buchanan 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 Buchanan County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Buchanan County's internal control over financial reporting.

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09, II-B-09 and II-C-09 are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 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.

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

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

March 30, 2010

Gardiner Thomsen, P.C.



Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Buchanan County:

We have audited the compliance of Buchanan County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2009. Buchanan County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of Buchanan County's management. Our responsibility is to express an opinion on Buchanan County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Governmental 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 Buchanan 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 Buchanan County's compliance with those requirements.

In our opinion, Buchanan County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Buchanan 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 Buchanan 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 Buchanan County's internal control over compliance.

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

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

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

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

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

March 30, 2010

Gardiner Thomsen, P.C.

BUCHANAN COUNTY
Independence, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (e) The audit disclosed no audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) The major programs were CFDA Number 16.710 – Community Oriented Policing Services and CFDA Number 97.036 – Disaster Recovery – Public Assistance.
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Buchanan County did not qualify as a low-risk auditee.

BUCHANAN COUNTY
Independence, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES

II-A-09 **Segregation of Duties** – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Responsibility for the custody of receipts and for the record keeping and reconciling functions for the County Treasurer's office are not segregated due to small office size. Also, an independent person does not approve bank wire transfers for investments.

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

Response – We have reviewed procedures and plan to make the necessary changes to improve internal control.

Conclusion – Response accepted.

II-B-09 **Financial Reporting** – During the audit, we identified material amounts of receivables, payables, capital assets and infrastructure not recorded or incorrectly recorded in the County's financial statements. Material amounts of infrastructure were removed due to timing errors and the historic cost on material amounts of infrastructure were incorrect. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital assets are identified and included in the County's financial statements.

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

Conclusion – Response accepted.

II-C-09 **Preparation of Full Disclosure Financial Statements** – Internal controls over financial reporting include the actual preparation and review of financial statements, including footnote disclosure, for external reporting, as required by generally accepted accounting principles. Buchanan County does not have the internal resources to prepare the full-disclosure financial statements required by GAAP for external reporting. While this circumstance is not uncommon for most governmental entities, it is the responsibility of management and those charged with governance, to prepare reliable financial data, or accept the risk associated with this condition because of cost or other considerations.

Recommendation – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and preparing full disclosure financial statements for external reporting purposes is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than rely on external assistance.

BUCHANAN COUNTY
Independence, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements (Continued)

Response – We recognize our limitations, however it is not fiscally responsible to add additional staff at this time.

Conclusion – Response acknowledged.

II-D-09 **Credit Card Policy** – Several departments have credit cards for use by various employees while on County business. The County does not have a written policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Recommendation – The County should develop a written policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Response – We will develop and implement a written policy as soon as possible.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLAINE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

CFDA Number 16.710: Community Oriented Policing Services

CFDA Number 97.036: Disaster Recovery – Public Assistance

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 16.710: Community Oriented Policing Services

CFDA Number 97.036: Disaster Recovery – Public Assistance

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 **Certified Budget** – Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the Debt Service function. Disbursements exceeded amounts appropriated in several departments during the year ended June 30, 2009.

BUCHANAN COUNTY
Independence, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting (Continued):

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed appropriations.

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

Conclusion – Response accepted.

IV-B-09 **Questionable Expenditures** – Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

Paid to	Purpose	Amount
Betty Odekirk (Conservation Office)	Food for Volunteer Banquet	\$46
Capital Vending Inc.		
One Invoice for Emergency Management	Refreshments for Safety Drill	230
Dan Cohen (Conservation Office)	Food for Programs	34
Fareway Foods		
Three Invoices for Conservation	Food for Programs	72
First Street Deli		
One Invoice for Patrol Services	Food During Investigation	49
One Invoice for Emergency Management	Food for Training	587
Friends of Fontana Park		
One Invoice for Conservation	Gift Certificates	190
Kmart		
One Invoice for Conservation	Candy for Programs	13
McElroys Food Market		
Two Invoices for Emergency Management	Food for Drills and Classes	1,094
One Invoice for Secondary Roads	Lunches for Ribbon Cutting	174
Mental Health Institute		
Two Invoices for Emergency Management	Food for Drills and Classes	726

BUCHANAN COUNTY
Independence, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting (Continued):

Paid to	Purpose	Amount
Pizza Ranch		
One Invoice for Patrol Services	Food During Investigation	\$52
Subway		
One Invoice for Conservation	Volunteer Banquet Meal	123
Two Brothers Restaurant		
Two Invoices for Conservation	Meals for Work Day and Board Retreat	81
	Banquet Supplies	
Wal-Mart Community		
One Invoice for Conservation		18

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

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

Response –

Patrol Services – The participation in the investigation needed a person at the crime scene at all times to prevent tampering with evidence, but, as recommended, a policy will be implemented as soon as possible, in case of participation in the future.

Conservation – As recommended, a policy will be implemented as soon as possible.

Secondary Roads – As recommended, a policy will be implemented as soon as possible.

Emergency Management – As recommended, a policy will be implemented as soon as possible.

Conclusion – Response accepted.

IV-C-09 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

BUCHANAN COUNTY
Independence, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-D-09 **Business Transaction** – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Cindy Gosse, County Auditor Stephanie Witt, Daughter of Cindy Gosse	Election Worker	\$102
Phyllis Haisch, Assessor's Office Lloyd Haisch, Spouse of Phyllis Haisch	Election Worker	522

The services provided by Stephanie Witt and Lloyd Haisch do not appear to represent conflicts of interest as the services provided were not in excess of \$1,500 as allowed by Chapter 331.342 of the Code of Iowa.

IV-E-09 **Bond Coverages** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed periodically to ensure that coverage is adequate for current operations.

IV-F-09 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not. However, the Board went into closed session on August 25, 2008 and May 4, 2009 to discuss matters relating to the County. Either the minutes do not document the vote of each member on the question of holding the closed session as required by Chapter 21.5(2) of the Code of Iowa, or the specific exemption allowing the closed session.

Recommendation –The Board of Supervisors should ensure all closed meetings comply with Chapter 21 of the Code of Iowa.

Response –We usually record the vote or the specific exemption as required and will do so in the future.

Conclusion – Response acknowledged.

IV-G-09 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.

IV-H-09 **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-09 **Economic Development** – During the year ended June 30, 2009, the County spent \$177,286 for economic development which appear to be appropriate expenditures of public funds since the public benefits to be derived have been clearly documented.

BUCHANAN COUNTY
Independence, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-J-09 **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, 2009 for the County Extension Office did not exceed the amount budgeted.

IV-K-09 **Emergency Management Budget Hearing Publication** – It was noted the publication of the notice of a budget hearing was not made available to the Auditor's office. Chapter 331.434(2) of tax Code of Iowa states the publication shall not be less than ten nor more than twenty days before the hearing.

Recommendation – The notice should be published to be in compliance with Chapter 331.434(2) of the Code of Iowa and made available to the Auditor.

Response – We will provide the proof of publication as required.

Conclusion – Response accepted.

News Release

Gardiner Thomsen, P.C. today released an audit report on Buchanan County, Iowa.

The County had local tax revenue of \$25,584,797 for the year ended June 30, 2009, which included \$1,138,470 in tax credits from the State. The County then forwarded \$17,529,906 of the local tax revenue to the townships, school districts, cities, and other taxing bodies in the County.

The County retained \$7,075,897 of the local tax revenue to finance County operations, an 8% increase from the prior year. Other revenues included charges for service of \$2,310,354, operating and capital grants, contributions and restricted interest of \$6,634,569, unrestricted investment earnings of \$109,553 and other general revenues of \$1,070,847.

Expenses for the County operations totaled \$15,976,377, a 21% increase from the prior year. Expenses included \$5,977,707 for Roads and Transportation, \$2,949,444 for Public Safety and Legal Services, and \$2,940,550 for Mental Health.

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

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