

CASS COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

Cass County
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Cass County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chuck Kinen	Board of Supervisors	January, 2011
Dave Dunfee	Board of Supervisors	January, 2011
Frank Waters	Board of Supervisors	January, 2013
Charles Rieken	Board of Supervisors	January, 2013
Duane McFadden	Board of Supervisors	January, 2013
Dale E. Sunderman	County Auditor	January, 2013
Tracey J. Marshall	County Treasurer	January, 2011
Joyce Jensen	County Recorder	January, 2011
Darby McLaren	County Sheriff	January, 2013
Daniel Feistner	County Attorney	January, 2011
Brenda Nelson	County Assessor	January, 2010

Gronewold, Bell, Kyhnn & Co. P.C.

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DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Officials of Cass County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass 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 basic financial statements are the responsibility of Cass 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 and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 Cass 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 January 4, 2010 on our consideration of Cass 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 3 through 3e and 34 through 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 supplementary information. We did not audit the information and express no opinion on it.

To the Officials of Cass County, Iowa

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass 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 nine years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

G. M. W. H. M., Ben, Kuhn & Co. P. C.

Atlantic, Iowa
January 4, 2010

Board of Supervisors Cass County

5 West 7th Street / Atlantic, IA 50022

(712) 243-6661

FAX: (712) 243-4572

MANAGEMENT'S DISCUSSION & ANALYSIS

The Cass County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

Cass County implemented new reporting standards, including this MD&A for the fiscal year ending June 30, 2004. This is the sixth year for this format.

2009 FINANCIAL HIGHLIGHTS (See budget for additional information on valuations and levies)

	<u>FY2008</u>	<u>FY2009</u>	<u>CHANGE</u>
Valuation for computing property taxes	\$ 497,874,114	\$ 510,175,234	\$ 12,301,120
Rural Valuation	\$ 289,010,625	\$ 288,732,087	\$ (278,538)
Urban Valuation	\$ 208,863,489	\$ 221,443,147	\$ 12,579,658
Taxes Levied On Property	\$ 4,163,278	\$ 4,144,131	\$ (19,147)

Cass County levy rates/\$1,000 are shown below:

	<u>FY2008</u>	<u>FY2009</u>
General Basic/General Supplemental	4.92287	4.08780
MH-DD	1.58483	1.44351
Rural Basic/Rural Supplemental	4.44079	4.57931
Total	10.94849	10.11062

{see page - 10-}

	<u>FY2008</u>	<u>FY2009</u>	<u>Change</u>
Governmental Fund Revenues	\$ 10,858,108	\$ 11,125,659	\$ 267,551
Comprised in part by the following:			
Net Taxes	\$ 3,909,796	\$ 3,917,502	\$ 7,706
Utility Tax Replacement	\$ 342,090	\$ 316,736	\$ (25,354)
State Replacements	\$ 248,281	\$ 218,975	\$ (29,306)
Local Option Sales Tax Revenue	\$ 548,808	\$ 613,495	\$ 64,687

(See page -10-)

	<u>FY2008</u>	<u>FY2009</u>	<u>Change</u>
Governmental Fund Expenditures	\$ 11,730,997	\$ 11,660,467	\$ (70,530)
Comprised of the following:			
Operating Expenses	\$ 9,749,424	\$ 10,529,927	\$ 780,503
Capital Projects	\$ 1,412,044	\$ 1,081,410	\$ (330,634)
Debt Service	\$ 569,529	\$ 49,130	\$ (520,399)

(See page -4-)

	<u>FY2008</u>	<u>FY2009</u>	<u>Change</u>
Capital Assets	\$ 10,980,198	\$ 13,292,916	\$ 2,312,718

UTILIZATION OF THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The Government-Wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Cass 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 Cass County's operations in more detail than government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cass County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to the Financial Statements provide additional information that is 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 Supplemental Information provides detailed information about the non major special revenue and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

Reporting the County as a Whole

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 about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Non-program Activities
9. Interest on long-term debt

Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

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

Cass County has three kinds of funds – governmental, proprietary & fiduciary 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. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue Funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (3) the Debt Service Fund, and (4) the Capital Projects Funds. 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 statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) 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 emergency management services and the county assessor to name a couple.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. This is the fourth year the County is utilizing accumulated depreciation for capital assets. The analysis that follows focuses on the changes of the net assets for our governmental activities.

Statement of Net Assets - Governmental Activities

	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Net Assets (see page -5-)		
Invested in Capital Assets, Net of Related Debt	9,908,330	12,241,432
Restricted for:		
Mental Health Purposes	88,260	293,087
Secondary Roads Purposes	961,787	1,068,381
Capital Project/Rural Services Purposes	164,218	98,940
Other Purposes	1,022,855	847,669
Unrestricted	1,093,342	801,949
Net Assets	\$13,238,792	15,351,458
Short Term Debt Outstanding (see page -4-)	793,504	789,301
Other Short-Term Liabilities	4,573,518	4,904,053
Long-Term Debt Outstanding	449,573	424,189
Total Liabilities	\$ 5,816,595	6,117,543

A large portion of the County's total 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, constitution provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

Changes in Net Assets of Governmental Activities
(See Page -6-; Exhibit B- Statement of Activities)
Year Ended June 30, 2009

REVENUES			
	Program Revenues		
		Charges for services	499,341
		Operating Grants & Contributions & Int.	4,963,108
		Capital Grants & Contributions	1,937,898
	General Revenues		
		Property Taxes	4,240,065
		Penalty & Interest on Property Taxes	60,199
		State tax credits	727,257
		Local option sales & service tax	613,495
		Unrestricted investment earnings	120,765
		Other general revenues	844,598
		Total revenues	14,006,726
PROGRAM EXPENSES			
	Public Safety & Legal Services		1,724,994
	Physical Health & Social Services		433,167
	Mental Health, MR& DD		2,125,384
	County Environment & Education		444,312
	Roads & Transportation		4,590,663
	Government Services to Residents		357,107
	Administration		1,849,806
	Nonprogram Current		337,343
	Interest on Long Term Debt		31,284
		Total expenses	11,894,060
	Change in net assets		2,112,666
	Net assets beginning of year		13,238,792
	Net assets end of year		15,351,458

INDIVIDUAL FUND ANALYSIS (See Balance Sheet Page -8-)

Fund Balances at end of	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>
General Fund	605,782	963,908	1,056,495	759,867
Mental Health/DD Fund	287,466	183,584	90,183	294,208
Rural Services	494,343	322,737	170,352	100,079
Secondary Roads	818,600	859,572	1,060,024	1,142,221
Capital Projects	241,730	283,264	211,647	145,710
Other Funds	<u>558,848</u>	<u>638,885</u>	<u>582,793</u>	<u>464,568</u>
Total	<u>3,006,769</u>	<u>3,251,950</u>	<u>3,171,494</u>	<u>2,906,653</u>

GENERAL BUDGETARY HIGHLIGHTS

Over the course of the year, Cass County amended its budget one time. An amendment of the budget was made in May, 2009 to increase Non program 400,000; increase Roads & Transportation \$553,000; increase Debt Service \$50,000; and decrease Capital Projects \$3,691,900. Roads and Transportation increase was for increased road maintenance and operations costs (snow removal, etc) and some new equipment purchased in FY09 . Capital Projects decrease occurred as result of the majority of a Glacier-Echo Road construction project being cancelled and some Secondary Roads construction appropriation moved to purchase new equipment. Non program increase was for increased grant monies flow thru.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (see page -4-)

Cass County ended FY 2009 with approximately \$13,292,916 invested in a broad range of capital assets.

Debt

Cass County and Audubon County invested \$1,000,000 (\$500,000 each) in a joint land purchase/economic development project in FY2007: Valley Business Park. General Obligation Bonds in the amount of \$500,000 each for both Cass County and Audubon County were issued September 11, 2007. First principal payment maturity was June 1, 2008 (\$30,427). The principal and interest were paid utilizing Local Option Tax revenues and land lease income. The intent is to continue to pay general obligation expenses through revenues generated through lease of undeveloped farm ground, Local Option Tax revenues designated for economic development, and revenues resulting from development projects that utilize the site.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cass County's Board of Supervisors considered many factors for the fiscal year 2010 budget, tax rates, the local uncertainty about a major employer in the county and funding of various County services. One of those factors was the economy which continues down. The County also experienced an increase in its insurance costs – liability and workmen's compensation. The population of Cass County as estimated by the 2000 census was 14,634. The county compensation board recommended a \$ 5,000 increase for attorney; \$1,400 for recorder, treasurer and auditor;\$1,750 for sheriff; and \$ 730 for supervisors (plus \$1,000 additional for chair) for FY2010. The board of supervisors approved the increases as recommended.

The County continues to tighten all departmental budgets to help alleviate the difference between revenue and expenditures in an effort to maintain current county programs. Limitations of growth in the general funds may jeopardize continuation of current levels of service. Cass County has no plans for addition of any major new programs or initiatives in the FY 2010 budget.

If projections are realized, during FY 2010 some depletion of fund balances may occur.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Cass County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Cass County Auditor's office, Cass County Courthouse, Atlantic, IA 50022, telephone (712)243-4570.

Cass County
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 2,927,890
Receivables:	
Property tax:	
Delinquent	24,564
Succeeding year	4,381,000
Interest and penalty on property tax	56,805
Accounts	23,898
Accrued interest	3,254
Due from other governments	713,648
Inventories	45,026
Capital assets (net of accumulated depreciation)	<u>13,292,916</u>
Total assets	<u>21,469,001</u>
Liabilities	
Accounts payable	340,590
Accrued interest payable	2,538
Salaries and benefits payable	23,999
Due to other funds	2,026
Due to other governments	153,900
Deferred revenue:	
Succeeding year property tax	4,381,000
Amazing Energy advance	602,295
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	162,006
General obligation bond	25,000
Portion due or payable after one year:	
General obligation bond	<u>424,189</u>
Total liabilities	<u>6,117,543</u>

(continued next page)

Cass County
Statement of Net Assets - continued
June 30, 2009

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 12,241,432
Restricted for:	
Mental health purposes	293,087
Rural service purposes	98,940
Secondary roads purposes	1,068,381
Other purposes	847,669
Unrestricted	<u>801,949</u>
Total net assets	<u>\$ 15,351,458</u>

See notes to financial statements.

Cass County

Statement of Activities

Year ended June 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 1,724,994	\$ 137,405
Physical health and social services	433,167	73,407
Mental health	2,125,384	11,160
County environment and education	444,312	23,567
Roads and transportation	4,590,663	--
Governmental services to residents	357,107	247,765
Administration	1,849,806	6,037
Non-program	337,343	--
Interest on long-term debt	<u>31,284</u>	<u>--</u>
Total	<u>\$ 11,894,060</u>	<u>\$ 499,341</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net assets		
Net assets beginning of year		
Net assets end of year		

See notes to financial statements.

<u>Program Revenues</u>		
<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
\$ 38,756	\$ --	\$(1,548,833)
--	--	(359,760)
1,073,713	--	(1,040,511)
50,286	--	(370,459)
3,297,844	1,937,898	645,079
970	--	(108,372)
452,409	--	(1,391,360)
--	--	(337,343)
<u>49,130</u>	<u>--</u>	<u>17,846</u>
<u>\$ 4,963,108</u>	<u>\$ 1,937,898</u>	<u>(4,493,713)</u>

4,240,065
60,199
727,257
613,495
120,765
844,598
6,606,379
2,112,666
13,238,792
\$ 15,351,458

Cass County
Balance Sheet
Governmental Funds
June 30, 2009

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 787,146	\$ 515,076	\$ 114,900
Receivables:			
Property tax:			
Delinquent	11,360	3,962	9,242
Succeeding year	2,243,000	733,000	1,405,000
Interest and penalty on property tax	56,805	--	--
Accounts	14,587	--	--
Accrued interest	3,254	--	--
Due from other funds	15,042	--	--
Due from other governments	166,319	15,123	--
Inventories	--	--	--
	<u>\$ 3,297,513</u>	<u>\$ 1,267,161</u>	<u>\$ 1,529,142</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 158,879	\$ 114,434	\$ 8,984
Salaries and benefits payable	3,349	1,020	4,325
Due to other funds	17,068	--	--
Due to other governments	30,431	120,570	--
Deferred revenue:			
Succeeding year property tax	2,243,000	733,000	1,405,000
Other	69,832	3,929	9,242
Compensated absences	15,087	--	1,512
Total liabilities	<u>2,537,646</u>	<u>972,953</u>	<u>1,429,063</u>

(continued next page)

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 740,008	\$ 517,892	\$ 2,675,022
--	--	24,564
--	--	4,381,000
--	--	56,805
7,751	1,560	23,898
--	--	3,254
--	--	15,042
437,424	94,782	713,648
<u>45,026</u>	<u>--</u>	<u>45,026</u>
<u>\$ 1,230,209</u>	<u>\$ 614,234</u>	<u>\$ 7,938,259</u>
\$ 44,552	\$ 802	\$ 327,651
15,050	255	23,999
--	--	17,068
--	2,899	153,900
--	--	4,381,000
--	--	83,003
<u>28,386</u>	<u>--</u>	<u>44,985</u>
<u>87,988</u>	<u>3,956</u>	<u>5,031,606</u>

Cass County
 Balance Sheet
 Governmental Funds - continued
 June 30, 2009

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
Fund balances:			
Reserved for:			
Drainage warrants/drainage improvement certificates	\$ --	\$ --	\$ --
Unreserved, reported in:			
General fund	759,867	--	--
Special revenue funds	--	294,208	100,079
Capital projects fund	--	--	--
Total fund balances	<u>759,867</u>	<u>294,208</u>	<u>100,079</u>
 Total liabilities and fund balances	 <u>\$ 3,297,513</u>	 <u>\$ 1,267,161</u>	 <u>\$ 1,529,142</u>

See notes to financial statements.

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ --
--	--	759,867
1,142,221	464,568	2,001,076
--	145,710	145,710
<u> 1,142,221</u>	<u> 610,278</u>	<u> 2,906,653</u>
<u>\$ 1,230,209</u>	<u>\$ 614,234</u>	<u>\$ 7,938,259</u>

Cass County

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

June 30, 2009

Total governmental fund balances (page 8)	\$ 2,906,653
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 assets is \$18,448,117 and the accumulated depreciation is \$5,155,201.	13,292,916
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	83,003
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	239,929
Accrued interest payable, advance payable, and long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,171,043)</u>
Net assets of governmental activities (page 5)	<u>\$ 15,351,458</u>

See notes to financial statements.

Cass County

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

Year ended June 30, 2009

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
Revenues:			
Property and other County tax	\$ 2,110,130	\$ 744,893	\$ 1,383,176
Interest and penalty on property tax	49,092	--	--
Intergovernmental	610,305	1,568,713	133,980
Licenses and permits	11,041	--	--
Charges for service	337,505	11,160	--
Use of money and property	120,765	--	--
Miscellaneous	21,268	611	4,740
Total revenues	<u>3,260,106</u>	<u>2,325,377</u>	<u>1,521,896</u>
Expenditures:			
Operating:			
Public safety and legal services	1,081,496	--	567,331
Physical health and social services	433,167	--	--
Mental health	--	2,121,352	--
County environment and education	252,829	--	68,808
Roads and transportation	--	--	256,615
Governmental services to residents	354,124	--	--
Administration	1,007,030	--	--
Non-program	337,343	--	--
Debt service	--	--	--
Capital projects	--	--	818
Total expenditures	<u>3,465,989</u>	<u>2,121,352</u>	<u>893,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(205,883)</u>	<u>204,025</u>	<u>628,324</u>

(continued next page)

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ 613,495	\$ 4,851,694
--	--	49,092
2,804,440	280,805	5,398,243
1,860	--	12,901
--	3,359	352,024
--	76,238	197,003
<u>159,338</u>	<u>78,745</u>	<u>264,702</u>
<u>2,965,638</u>	<u>1,052,642</u>	<u>11,125,659</u>
--	61,696	1,710,523
--	--	433,167
--	--	2,121,352
--	113,150	434,787
3,869,887	--	4,126,502
--	5,099	359,223
--	--	1,007,030
--	--	337,343
--	49,130	49,130
<u>507,198</u>	<u>573,394</u>	<u>1,081,410</u>
<u>4,377,085</u>	<u>802,469</u>	<u>11,660,467</u>
<u>(1,411,447)</u>	<u>250,173</u>	<u>(534,808)</u>

Cass County

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

Year ended June 30, 2009

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
Other financing sources (uses):			
Sale of capital assets	\$ 204	\$ --	\$ --
Operating transfers in	--	--	246,475
Operating transfers out	<u>(90,949)</u>	<u>--</u>	<u>(945,072)</u>
Total other financing sources (uses)	<u>(90,745)</u>	<u>--</u>	<u>(698,597)</u>
Net change in fund balances	(296,628)	204,025	(70,273)
Fund balances beginning of year	<u>1,056,495</u>	<u>90,183</u>	<u>170,352</u>
Fund balances end of year	<u>\$ 759,867</u>	<u>\$ 294,208</u>	<u>\$ 100,079</u>

See notes to financial statements.

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 257,623	\$ 12,140	\$ 269,967
1,236,021	--	1,482,496
--	(446,475)	(1,482,496)
1,493,644	(434,335)	269,967
82,197	(184,162)	(264,841)
1,060,024	794,440	3,171,494
\$ 1,142,221	\$ 610,278	\$ 2,906,653

Cass County

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 balance - Total governmental funds (page 11)		\$(264,841)
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	\$ 1,251,267	
Capital assets contributed by the Iowa Department of Transportation	1,937,898	
Depreciation expense	<u>(692,078)</u>	2,497,087
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		
		(184,369)
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:		
Principal paid		20,384
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.		
Change in deferred property tax revenues		12,973
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	22,456	
Accrued interest on long-term debt	<u>(2,538)</u>	19,918
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		
		<u>11,514</u>
Change in net assets of governmental activities (page 6)		<u>\$ 2,112,666</u>

See notes to financial statements.

Cass County
 Statement of Net Assets
 Proprietary Fund
 June 30, 2009

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ <u>252,868</u>
Total assets	252,868
Liabilities	
Accounts payable	<u>12,939</u>
Net Assets	
Unrestricted	<u>\$ 239,929</u>

See notes to financial statements.

Cass County
 Statement of Revenues, Expenses, and Changes
 in Fund Net Assets
 Proprietary Fund
 Year ended June 30, 2009

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds	\$	709,971
Reimbursements from employees		122,222
Miscellaneous revenue		<u>12,405</u>
Total operating revenues		844,598
Operating expenses:		
Medical claims	\$	153,463
Insurance premiums		672,057
Administrative fees		<u>7,564</u>
Operating income		<u>833,084</u>
Net assets beginning of year		<u>228,415</u>
Net assets end of year		<u><u>\$ 239,929</u></u>

See notes to financial statements.

Cass County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2009

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 709,971
Cash received from employees and others	134,627
Cash payments to suppliers for services	<u>(820,545)</u>
Net cash provided by operating activities	24,053
Cash and cash equivalents at beginning of year	<u>228,815</u>
Cash and cash equivalents at end of year	<u>\$ 252,868</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 11,514
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>12,539</u>
Net cash provided by operating activities	<u>\$ 24,053</u>

See notes to financial statements.

Cass County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and pooled investments:		
County Treasurer	\$	812,694
Other County officials		46,932
Receivables:		
Property tax:		
Delinquent		63,514
Succeeding year		14,208,600
Accounts		21,261
Due from other funds		17,068
Due from other governments		340,917
Total assets		<u>15,510,986</u>

Liabilities

Accounts payable	229,153
Salaries and benefits payable	6,426
Due to other funds	15,042
Due to other governments	15,191,287
Trusts payable	21,225
Compensated absences	47,853
Total liabilities	<u>15,510,986</u>

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

Cass County

Notes to Financial Statements

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass 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, Cass 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 Cass 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.

Nine 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 Cass County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Cass County Auditor's office.

Cass County

Notes to Financial Statements

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint two of the five members to the board of the Cass County Environmental Control Agency. An audit of this Agency is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County 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 that are attributed 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.

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are 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 that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Cass County

Notes to Financial Statements

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are 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 nonoperating revenues and expenses.

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

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, they have a maturity date no longer than three months.

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

Due from and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Cass County

Notes to Financial Statements

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

<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 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

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

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

Cass County

Notes to Financial Statements

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 receivables and other receivables not collected within sixty days after year end.

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 800 hours, upon retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences 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 financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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 Fund is designated for anticipated future catastrophic losses of the County.

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting

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

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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$660,755 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 needs and use of the County.

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

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

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency:	
	County Offices	\$ 1,900
	Auto License and Use Tax	<u>13,142</u>
		15,042
Agency:	General	
Public Safety		<u>17,068</u>
Total		<u>\$ 32,110</u>

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

NOTE 4 - INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	General	
Secondary Roads		\$ 90,949
	Special Revenue:	
	Rural Services	945,072
	Local Option Sales Tax	<u>200,000</u>
		1,236,021
Special Revenue:	Special Revenue:	
Rural Services	Local Option Sales Tax	<u>246,475</u>
		<u>\$ 1,482,496</u>

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

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,344,700	\$ --	\$ --	\$ 1,344,700
Construction in progress	<u>698,979</u>	<u>2,455,736</u>	<u>3,154,715</u>	<u>--</u>
Total capital assets not being depreciated	<u>2,043,679</u>	<u>2,455,736</u>	<u>3,154,715</u>	<u>1,344,700</u>
Capital assets being depreciated:				
Buildings	1,767,158	--	--	1,767,158
Equipment and vehicles	5,159,341	733,429	625,431	5,267,339
Infrastructure, road network	<u>6,914,205</u>	<u>3,154,715</u>	<u>--</u>	<u>10,068,920</u>
Total capital assets being depreciated	<u>13,840,704</u>	<u>3,888,144</u>	<u>625,431</u>	<u>17,103,417</u>
Less accumulated depreciation for:				
Buildings	1,268,943	32,450	--	1,301,393
Equipment and vehicles	3,436,360	495,077	441,062	3,490,375
Infrastructure, road network	<u>198,882</u>	<u>164,551</u>	<u>--</u>	<u>363,433</u>
Total accumulated depreciation	<u>4,904,185</u>	<u>692,078</u>	<u>441,062</u>	<u>5,155,201</u>
Total capital assets being depreciated, net	<u>8,936,519</u>	<u>3,196,066</u>	<u>184,369</u>	<u>11,948,216</u>
Governmental activities capital assets, net	<u>\$ 10,980,198</u>	<u>\$5,651,802</u>	<u>\$3,339,084</u>	<u>\$ 13,292,916</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 64,086
County environment and education	7,275
Roads and transportation	583,541
Administrative services	<u>37,176</u>
Total depreciation expense - governmental activities	<u>\$ 692,078</u>

Cass County

Notes to Financial Statements

June 30, 2009

NOTE 6 - DUE TO OTHER GOVERNMENTS

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 30,431
Special Revenue:		
Mental Health	Services	120,570
Flood and Erosion		1,349
Drainage Districts		<u>1,550</u>
Total for governmental funds		<u>\$ 153,900</u>
Agency:		
County Assessor	Collections	\$ 388,715
Schools		8,079,429
Community Colleges		505,332
Corporations		3,599,019
Auto License and Use Tax		299,155
County Hospital		1,704,063
All Other		<u>615,574</u>
Total for agency funds		<u>\$ 15,191,287</u>

NOTE 7 - LONG-TERM LIABILITIES

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

	<u>General Obligation Bond</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 469,573	\$ 171,209	\$ 640,782
Decreases	<u>20,384</u>	<u>9,203</u>	<u>29,587</u>
Balance end of year	<u>\$ 449,189</u>	<u>\$ 162,006</u>	<u>\$ 611,195</u>
Due within one year	<u>\$ 25,000</u>	<u>\$ 162,006</u>	<u>\$ 187,006</u>

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM LIABILITIES - Continued

A summary of the County's June 30, 2009 general obligation bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2010	6.25%	\$ 25,000	\$ 28,125	\$ 53,125
2011	6.25	25,000	26,563	51,563
2012	6.25	25,000	25,000	50,000
2013	6.25	30,000	23,438	53,438
2014	6.25	30,000	21,563	51,563
2015-2019	6.25	180,000	77,500	257,500
2020-2022	6.25	134,189	16,875	151,064
Total		<u>\$ 449,189</u>	<u>\$ 219,064</u>	<u>\$ 668,253</u>

During the year ended June 30, 2009, the County retired \$20,384 of a general obligation economic development bond.

NOTE 8 - SHORT-TERM DEBT

Amaizing Energy Atlantic, LLC

During the year ended June 30, 2007, the County entered into an agreement with Amaizing Energy Atlantic, LLC related to road, sewer and water infrastructure improvements for the construction of an ethanol plant. The infrastructure improvements were estimated to cost \$3,100,000, and were intended to be financed with the issuance of a Tax Income Revenue Bond. Amaizing Energy Atlantic, LLC agreed to provide funding up to \$686,800 to finance the project until the Tax Income Revenue Bond was to be issued, at which time Amaizing Energy Atlantic, LLC would be reimbursed. However, Amaizing Energy Atlantic, LLC stopped construction of the ethanol plant. Therefore, the infrastructure improvements and the issuance of a Tax Income Revenue Bond have been placed on hold. As of June 30, 2009, Amaizing Energy Atlantic, LLC has advanced the County \$602,295, and the County has expended \$601,561, which is reported in infrastructure.

NOTE 9 - PENSION AND RETIREMENT BENEFITS

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

Cass County

Notes to Financial Statements

June 30, 2009

NOTE 9 - PENSION AND RETIREMENT BENEFITS - continued

Most regular plan members are required to contribute 4.10% (4.30% beginning July 1, 2009) of their annual covered salary and the County is required to contribute 6.35% (6.65% beginning July 1, 2009) 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 approximately \$220,000, \$203,000, and \$183,000, respectively, equal to the required contributions for each year.

NOTE 10 - RISK MANAGEMENT

Cass 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 557 members from various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2009 were approximately \$140,000.

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 10 - RISK MANAGEMENT - continued

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured 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 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 casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty 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 workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Cass County

Notes to Financial Statements

June 30, 2009

NOTE 11 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of \$4,000 for single coverage and \$8,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2009 was \$709,971.

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$12,939, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. At June 30, 2009, the County has accumulated funds in excess of actual claims paid of \$239,929, which is reported as net assets of the Internal Service, Employee Group Health Fund.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

The County implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions during the year ended June 30, 2009.

Plan Description: As required by state law, the County offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all County employees, and the retiree must pay a health insurance premium equal to that charged for current employees.

Potential for Liability: A review of the County's current and potential future exposure to this requirement resulted in the conclusion that no material liability exists. Therefore no liability has been recorded.

Cass County
Notes to Financial Statements
June 30, 2009

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into a contract totaling approximately \$1,514,000 for roadway paving. This project will be financed with stimulus funding through the Iowa Department of Transportation, grants, and other local sources.

Subsequent Events

The County has evaluated all subsequent events through January 4, 2010, the date the financial statements were available to be issued.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Cass County

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

All Governmental Funds
Required Supplementary Information

Year ended June 30, 2009

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
Receipts:			
Property and other County tax	\$ 4,854,274	\$ --	\$ 4,854,274
Interest and penalty on property tax	48,972	--	48,972
Intergovernmental	4,753,470	209,630	4,543,840
Licenses and permits	15,242	--	15,242
Charges for service	343,166	--	343,166
Use of money and property	204,362	--	204,362
Miscellaneous	274,804	--	274,804
Total receipts	<u>10,494,290</u>	<u>209,630</u>	<u>10,284,660</u>
Disbursements:			
Public safety and legal services	1,717,746	--	1,717,746
Physical health and social services	409,306	--	409,306
Mental health	2,174,652	--	2,174,652
County environment and education	446,117	--	446,117
Roads and transportation	4,069,944	--	4,069,944
Governmental services to residents	358,382	--	358,382
Administrative services	1,008,194	--	1,008,194
Non-program	195,361	--	195,361
Debt service	49,130	--	49,130
Capital projects	1,112,003	260,837	851,166
Total disbursements	<u>11,540,835</u>	<u>260,837</u>	<u>11,279,998</u>
Excess (deficiency) of receipts over (under) disbursements	(1,046,545)	(51,207)	(995,338)
Other financing sources, net	<u>269,967</u>	<u>--</u>	<u>269,967</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(776,578)	(51,207)	(725,371)
Balance beginning of year	<u>3,451,600</u>	<u>9,358</u>	<u>3,442,242</u>
Balance end of year	<u>\$ 2,675,022</u>	<u>\$(41,849)</u>	<u>\$ 2,716,871</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Net Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 4,814,858	\$ 4,814,858	\$ 39,416
32,500	32,500	16,472
6,086,205	6,902,005	(2,358,165)
9,560	9,560	5,682
317,890	317,890	25,276
202,445	202,445	1,917
386,420	677,420	(402,616)
<u>11,849,878</u>	<u>12,956,678</u>	<u>(2,672,018)</u>
1,985,158	1,985,158	267,412
459,673	459,673	50,367
2,503,840	2,503,840	329,188
565,331	565,331	119,214
3,888,000	4,441,000	371,056
488,218	488,218	129,836
1,087,605	1,087,605	79,411
1,062,015	1,462,015	1,266,654
--	50,000	870
5,065,043	1,373,143	521,977
<u>17,104,883</u>	<u>14,415,983</u>	<u>3,135,985</u>
(5,255,005)	(1,459,305)	463,967
<u>3,934,000</u>	<u>--</u>	<u>269,967</u>
(1,321,005)	(1,459,305)	733,934
<u>2,762,433</u>	<u>3,437,749</u>	<u>4,493</u>
<u>\$ 1,441,428</u>	<u>\$ 1,978,444</u>	<u>\$ 738,427</u>

Cass County

Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2009

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 10,494,290	\$ 631,369	\$ 11,125,659
Expenditures	<u>11,540,835</u>	<u>119,632</u>	<u>11,660,467</u>
Net	(1,046,545)	511,737	(534,808)
Other financing sources, net	269,967	--	269,967
Beginning fund balances	<u>3,451,600</u>	<u>(280,106)</u>	<u>3,171,494</u>
Ending fund balances	<u><u>\$ 2,675,022</u></u>	<u><u>\$ 231,631</u></u>	<u><u>\$ 2,906,653</u></u>

See accompanying independent auditor's report.

Cass County

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 comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment decreased budgeted disbursements by \$2,688,900. The budget amendment is reflected in the final budgeted amounts.

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

OTHER SUPPLEMENTARY INFORMATION

Cass County
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2009

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Local Option Tax
Assets				
Cash and pooled investments	\$ 7,130	\$ 311	\$ 8,149	\$ 170,168
Accounts receivable	764	--	--	--
Due from other governments	--	--	--	50,575
	--	--	--	50,575
Total assets	\$ 7,894	\$ 311	\$ 8,149	\$ 220,743
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Due to other governments	--	--	--	--
Total liabilities	--	--	--	--
Fund balances:				
Reserved for drainage warrants/ drainage improvement certificates	--	--	--	--
Unreserved	7,894	311	8,149	220,743
Total fund balance	7,894	311	8,149	220,743
Total liabilities and fund balance	\$ 7,894	\$ 311	\$ 8,149	\$ 220,743

See accompanying independent auditor's report.

Resource Enhancement and Protection	Special Revenue			Capital Projects		
	County Attorney and Sheriff Investigation	Flood and Erosion	Drainage Districts	General	Amazing Energy Atlantic	Total
\$ 20,035	\$ 180,730	\$ 26,907	\$(41,849)	\$ 136,354	\$ 9,957	\$ 517,892
--	--	796	--	--	--	1,560
--	--	808	43,399	--	--	94,782
<u>\$ 20,035</u>	<u>\$ 180,730</u>	<u>\$ 28,511</u>	<u>\$ 1,550</u>	<u>\$ 136,354</u>	<u>\$ 9,957</u>	<u>\$ 614,234</u>
\$ --	\$ 201	\$ --	\$ --	\$ 601	\$ --	\$ 802
--	--	255	--	--	--	255
--	--	1,349	1,550	--	--	2,899
--	201	1,604	1,550	601	--	3,956
--	--	--	--	--	--	--
20,035	180,529	26,907	--	135,753	9,957	610,278
<u>20,035</u>	<u>180,529</u>	<u>26,907</u>	<u>--</u>	<u>135,753</u>	<u>9,957</u>	<u>610,278</u>
<u>\$ 20,035</u>	<u>\$ 180,730</u>	<u>\$ 28,511</u>	<u>\$ 1,550</u>	<u>\$ 136,354</u>	<u>\$ 9,957</u>	<u>\$ 614,234</u>

Cass County

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2009

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Local Option Tax
Revenues:				
Property and other county tax	\$ --	\$ --	\$ --	\$ 613,495
Intergovernmental	--	--	--	--
Charges for service	3,359	--	--	--
Use of money and property	33	58	--	15,600
Miscellaneous	--	--	8,901	--
Total revenues	<u>3,392</u>	<u>58</u>	<u>8,901</u>	<u>629,095</u>
Expenditures:				
Operating:				
Public safety and legal services	--	--	--	--
County environment and education	--	--	--	--
Governmental services to residents	5,099	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	9,533	174,287
Total expenditures	<u>5,099</u>	<u>--</u>	<u>9,533</u>	<u>174,287</u>
Excess (deficiency) of revenues over (under) expenditures	(1,707)	58	(632)	454,808
Other financing sources (uses):				
Sale of capital assets	--	--	--	--
Operating transfers out	--	--	--	(446,475)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(446,475)</u>
Net change in fund balances	(1,707)	58	(632)	8,333
Fund balances beginning of year	<u>9,601</u>	<u>253</u>	<u>8,781</u>	<u>212,410</u>
Fund balances end of year	<u>\$ 7,894</u>	<u>\$ 311</u>	<u>\$ 8,149</u>	<u>\$ 220,743</u>

See accompanying independent auditor's report.

Resource Enhancement and Protection	Special Revenue				Capital Projects				Total
	County Attorney and Sheriff Investigation	Flood and Erosion	Drainage Districts	Debt Service	General	Valley Business Park	Amazing Energy Atlantic		
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 613,495	
20,995	2,331	6,000	251,479	--	--	--	--	280,805	
--	--	--	--	--	--	--	--	3,359	
357	190	--	--	--	60,000	--	--	76,238	
--	17,914	--	--	49,130	2,800	--	--	78,745	
<u>21,352</u>	<u>20,435</u>	<u>6,000</u>	<u>251,479</u>	<u>49,130</u>	<u>62,800</u>	<u>--</u>	<u>--</u>	<u>1,052,642</u>	
--	61,696	--	--	--	--	--	--	61,696	
48,984	--	64,166	--	--	--	--	--	113,150	
--	--	--	--	--	--	--	--	5,099	
--	--	--	--	49,130	--	--	--	49,130	
--	--	--	260,837	--	128,670	67	--	573,394	
<u>48,984</u>	<u>61,696</u>	<u>64,166</u>	<u>260,837</u>	<u>49,130</u>	<u>128,670</u>	<u>67</u>	<u>--</u>	<u>802,469</u>	
(27,632)	(41,261)	(58,166)	(9,358)	--	(65,870)	(67)	--	250,173	
--	12,140	--	--	--	--	--	--	12,140	
--	--	--	--	--	--	--	--	(446,475)	
--	12,140	--	--	--	--	--	--	(434,335)	
(27,632)	(29,121)	(58,166)	(9,358)	--	(65,870)	(67)	--	(184,162)	
47,667	209,650	85,073	9,358	--	201,623	67	9,957	794,440	
<u>\$ 20,035</u>	<u>\$ 180,529</u>	<u>\$ 26,907</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 135,753</u>	<u>\$ --</u>	<u>\$ 9,957</u>	<u>\$ 610,278</u>	

Cass County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities

June 30, 2009

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ --	\$ 2,150	\$ 114,519
Other County officials	46,932	--	--
Receivables:			
Property tax:			
Delinquent	--	696	1,447
Succeeding year	--	150,000	273,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	12,207
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 46,932</u>	<u>\$ 152,846</u>	<u>\$ 401,173</u>
Liabilities			
Liabilities:			
Accounts payable	\$ --	\$ --	\$ 251
Salaries and benefits payable	--	--	--
Due to other funds	1,900	--	--
Due to other governments	23,807	152,846	388,715
Trusts payable	21,225	--	--
Compensated absences	--	--	12,207
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 46,932</u>	<u>\$ 152,846</u>	<u>\$ 401,173</u>

(continued next page)

<u>Multi-County Child Support</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 3,220	\$ 31,311	\$ 791	\$ 120,148	\$ 7,055	\$ 48,802
--	--	--	--	--	--
--	--	--	38,281	2,277	11,217
--	--	--	7,921,000	496,000	3,539,000
--	368	--	--	--	--
--	--	--	--	--	--
<u>62,313</u>	<u>366</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 65,533</u>	<u>\$ 32,045</u>	<u>\$ 791</u>	<u>\$8,079,429</u>	<u>\$ 505,332</u>	<u>\$ 3,599,019</u>
\$ 19	\$ 233	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
47,206	31,446	791	8,079,429	505,332	3,599,019
--	--	--	--	--	--
<u>18,308</u>	<u>366</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 65,533</u>	<u>\$ 32,045</u>	<u>\$ 791</u>	<u>\$8,079,429</u>	<u>\$ 505,332</u>	<u>\$ 3,599,019</u>

Cass County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2009

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 2,962	\$ --	\$ --
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	1,012	--	9
Succeeding year	159,000	--	1,600
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	<u>--</u>	<u>240,686</u>	<u>--</u>
Total assets	<u>\$ 162,974</u>	<u>\$ 240,686</u>	<u>\$ 1,609</u>
Liabilities			
Liabilities:			
Accounts payable	\$ --	\$ 227,241	\$ --
Salaries and benefits payable	--	2,139	--
Due to other funds	--	--	--
Due to other governments	162,974	--	1,609
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>11,306</u>	<u>--</u>
Total liabilities	<u>\$ 162,974</u>	<u>\$ 240,686</u>	<u>\$ 1,609</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>	<u>E911 Operating</u>
\$ 312,297	\$ 54,885	\$ 26,488	\$ 2,446	\$ 216	\$ --
--	--	--	--	--	--
--	--	8,575	--	--	--
--	--	1,669,000	--	--	--
--	--	--	--	764	--
--	--	--	17,068	--	--
--	--	--	16,425	--	934
<u>\$ 312,297</u>	<u>\$ 54,885</u>	<u>\$ 1,704,063</u>	<u>\$ 35,939</u>	<u>\$ 980</u>	<u>\$ 934</u>
\$ --	\$ --	\$ --	\$ 475	\$ --	\$ 934
--	--	--	4,287	--	--
13,142	--	--	--	--	--
299,155	54,885	1,704,063	25,511	980	--
--	--	--	--	--	--
--	--	--	5,666	--	--
<u>\$ 312,297</u>	<u>\$ 54,885</u>	<u>\$ 1,704,063</u>	<u>\$ 35,939</u>	<u>\$ 980</u>	<u>\$ 934</u>

Cass County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2009

	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>	<u>Environmental Planning Trust</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 53,492	\$ 10,559	\$ 12,701
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	20,129	--	--
Due from other funds	--	--	--
Due from other governments	<u>7,986</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 81,607</u>	<u>\$ 10,559</u>	<u>\$ 12,701</u>
Liabilities			
Liabilities:			
Accounts payable	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	81,607	10,559	12,701
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>\$ 81,607</u>	<u>\$ 10,559</u>	<u>\$ 12,701</u>

See accompanying independent auditor's report.

<u>Environmental Recycling Trust</u>	<u>Total</u>
\$ 8,652	\$ 812,694
--	46,932
--	63,514
--	14,208,600
--	21,261
--	17,068
--	340,917
<u>\$ 8,652</u>	<u>\$ 15,510,986</u>
\$ --	\$ 229,153
--	6,426
--	15,042
8,652	15,191,287
--	21,225
--	47,853
<u>\$ 8,652</u>	<u>\$ 15,510,986</u>

Cass County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities

Year ended June 30, 2009

Assets and Liabilities	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Balance beginning of year	\$ 33,992	\$ 132,559	\$ 381,516
Additions:			
Property and other County tax	--	151,845	275,965
E911 surcharge	--	--	--
State tax credits	--	6,996	14,557
Office fees and collections	282,427	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	341,737	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	--	798
Total additions	<u>624,164</u>	<u>158,841</u>	<u>291,320</u>
Deductions:			
Agency Remittances:			
To other funds	184,829	--	--
To other governments	93,474	138,554	271,663
Trusts paid out	332,921	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	<u>611,224</u>	<u>138,554</u>	<u>271,663</u>
Balance end of year	<u>\$ 46,932</u>	<u>\$ 152,846</u>	<u>\$ 401,173</u>

(continued next page)

<u>Multi-County Child Support</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 65,577	\$ 37,445	\$ 3,033	\$7,365,016	\$ 434,776	\$ 3,775,621
--	--	--	8,009,332	501,249	3,419,118
--	--	--	--	--	--
--	--	--	389,817	22,934	201,800
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	7,775	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>277,041</u>	<u>49,568</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>277,041</u>	<u>49,568</u>	<u>7,775</u>	<u>8,399,149</u>	<u>524,183</u>	<u>3,620,918</u>
--	--	--	--	--	--
277,085	54,968	10,017	7,684,736	453,627	3,797,520
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>277,085</u>	<u>54,968</u>	<u>10,017</u>	<u>7,684,736</u>	<u>453,627</u>	<u>3,797,520</u>
\$ 65,533	\$ 32,045	\$ 791	\$8,079,429	\$ 505,332	\$ 3,599,019

Cass County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2009

Assets and Liabilities	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Balance beginning of year	\$ 149,633	\$ 20,158	\$ 2,008
Additions:			
Property and other County tax	163,979	--	3,145
E911 surcharge	--	--	--
State tax credits	7,869	--	96
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	1,243,367	--
Total additions	<u>171,848</u>	<u>1,243,367</u>	<u>3,241</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	158,507	1,022,839	3,640
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	<u>158,507</u>	<u>1,022,839</u>	<u>3,640</u>
Balance end of year	<u>\$ 162,974</u>	<u>\$ 240,686</u>	<u>\$ 1,609</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>
\$ 264,607	\$ 55,635	\$ 1,635,607	\$ 31,426	\$ 240
--	--	1,688,068	--	--
--	--	--	--	--
--	--	86,197	--	--
--	--	--	--	--
3,429,410	--	--	--	--
119,159	--	--	--	--
--	--	--	--	3,359
--	--	--	--	--
--	--	--	--	--
--	51,695	--	--	--
--	--	--	--	--
259	--	--	268,194	--
<u>3,548,828</u>	<u>51,695</u>	<u>1,774,265</u>	<u>268,194</u>	<u>3,359</u>
--	--	--	--	--
3,501,138	52,445	1,705,809	263,681	2,619
--	--	--	--	--
--	--	--	--	--
<u>3,501,138</u>	<u>52,445</u>	<u>1,705,809</u>	<u>263,681</u>	<u>2,619</u>
<u>\$ 312,297</u>	<u>\$ 54,885</u>	<u>\$ 1,704,063</u>	<u>\$ 35,939</u>	<u>\$ 980</u>

Cass County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2009

Assets and Liabilities	<u>E911 Operating</u>	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>
Balance beginning of year	\$ 1,388	\$ 66,673	\$ --
Additions:			
Property and other County tax	--	--	--
E911 surcharge	--	129,882	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	115,695	--	--
Miscellaneous	--	747	108,819
Total additions	<u>115,695</u>	<u>130,629</u>	<u>108,819</u>
Deductions:			
Agency Remittances:			
To other funds	116,149	--	--
To other governments	--	--	98,260
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	115,695	--
Total deductions	<u>116,149</u>	<u>115,695</u>	<u>98,260</u>
Balance end of year	<u>\$ 934</u>	<u>\$ 81,607</u>	<u>\$ 10,559</u>

See accompanying independent auditor's report.

<u>Environmental Planning Trust</u>	<u>Environmental Recycling Trust</u>	<u>Tax Sale Redemption</u>	<u>Total</u>
\$ 14,707	\$ 3,414	\$ --	\$ 14,475,031
--	--	--	14,212,701
--	--	--	129,882
--	--	--	730,266
--	--	--	282,427
--	--	--	3,429,410
--	--	--	119,159
--	--	--	3,359
--	--	--	7,775
--	--	150,059	491,796
--	--	--	51,695
--	--	--	115,695
<u>3,494</u>	<u>6,638</u>	<u>--</u>	<u>1,958,925</u>
<u>3,494</u>	<u>6,638</u>	<u>150,059</u>	<u>21,533,090</u>
--	--	--	300,978
5,500	1,400	--	19,597,482
--	--	150,059	482,980
--	--	--	115,695
<u>5,500</u>	<u>1,400</u>	<u>150,059</u>	<u>20,497,135</u>
<u>\$ 12,701</u>	<u>\$ 8,652</u>	<u>\$ --</u>	<u>\$ 15,510,986</u>

Cass County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Ten Years

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Property and other County tax	\$ 4,851,694	\$ 4,805,648	\$ 4,678,010	\$ 4,321,827	\$ 4,276,692
Interest and penalty on property tax	49,092	46,544	50,066	35,853	46,776
Intergovernmental	5,398,243	4,998,735	4,504,374	4,062,946	4,053,344
Licenses and permits	12,901	16,179	11,624	12,654	10,012
Charges for service	352,024	369,449	311,806	336,859	349,344
Use of money and property	197,003	296,102	304,575	279,717	175,927
Miscellaneous	<u>264,702</u>	<u>325,451</u>	<u>537,730</u>	<u>661,879</u>	<u>282,682</u>
Total	<u>\$ 11,125,659</u>	<u>\$ 10,858,108</u>	<u>\$ 10,398,185</u>	<u>\$ 9,711,735</u>	<u>\$ 9,194,777</u>
Expenditures:					
Operating:					
Public safety and legal services	\$ 1,710,523	\$ 1,666,411	\$ 1,725,161	\$ 1,611,122	\$ 1,382,309
Physical health and social services	433,167	415,007	385,611	386,747	395,282
Mental health	2,121,352	2,315,481	2,147,822	1,941,999	1,795,418
County environment and education	434,787	367,127	360,300	307,792	311,758
Roads and transportation	4,126,502	3,620,861	3,412,537	3,481,258	3,400,642
Governmental services to residents	359,223	348,097	337,930	462,230	334,862
Administration	1,007,030	992,373	923,555	971,115	846,822
Non-program	337,343	24,067	29,592	117,090	188,489
Debt service	49,130	569,529	--	--	--
Capital projects	<u>1,081,410</u>	<u>1,412,044</u>	<u>2,138,169</u>	<u>532,209</u>	<u>404,139</u>
Total	<u>\$ 11,660,467</u>	<u>\$ 11,730,997</u>	<u>\$ 11,460,677</u>	<u>\$ 9,811,562</u>	<u>\$ 9,059,721</u>

See accompanying independent auditor's report.

Modified Accrual Basis				
2004	2003	2002	2001	2000
\$ 3,954,555	\$ 3,774,555	\$ 3,771,988	\$ 3,582,499	\$ 3,704,764
39,140	40,015	41,702	35,017	33,732
4,383,691	4,323,947	3,644,094	4,028,932	4,015,252
9,538	11,046	6,930	6,576	8,631
534,903	404,669	298,086	266,006	289,039
150,236	134,359	186,521	338,436	275,028
<u>127,181</u>	<u>250,992</u>	<u>159,760</u>	<u>299,115</u>	<u>73,365</u>
<u>\$ 9,199,244</u>	<u>\$ 8,939,583</u>	<u>\$ 8,109,081</u>	<u>\$ 8,556,581</u>	<u>\$ 8,399,811</u>
\$ 1,410,230	\$ 1,263,906	\$ 1,202,904	\$ 1,137,589	\$ 1,150,936
368,196	365,959	421,638	422,212	432,860
1,699,740	1,768,386	1,693,463	1,819,100	1,537,761
284,495	343,505	225,598	212,367	171,070
3,464,007	3,457,397	3,406,225	3,275,289	2,865,807
303,884	282,383	269,589	250,782	257,287
791,378	752,168	697,194	667,831	623,569
390,178	353,865	37,833	240,741	126,200
--	--	--	--	--
<u>721,146</u>	<u>748,330</u>	<u>366,706</u>	<u>391,410</u>	<u>918,422</u>
<u>\$ 9,433,254</u>	<u>\$ 9,335,899</u>	<u>\$ 8,321,150</u>	<u>\$ 8,417,321</u>	<u>\$ 8,083,912</u>

Cass County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Agriculture: Emergency Watershed Protection	10.928	69-6114-8-06/69-6114-9-1	\$ 594,548
Indirect:			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health: Iowa Healthy Communities Initiative	93.283	58890B04	5,555
Iowa Department of Human Services: Social Services Block Grant	93.667		70,493
Human Services Administrative Reimbursements:			
Other Federal Financial Assistance	Various		<u>49,762</u>
			120,255
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development: Community Development Block Grant Program	14.228	08-DRH-23	273,448
U.S. Department of Homeland Security: Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>150,883</u>
Total			<u>\$ 1,144,689</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cass 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 general purpose financial statements.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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

To the Officials of Cass County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Iowa, as of and for the year 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 January 4, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 Cass County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of Cass County's financial statements that is more than inconsequential will not be prevented or detected by Cass County's internal control.

To the Officials of Cass County, Iowa

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 Cass 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass 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.

Cass 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 Cass 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 Cass County and other parties to whom Cass 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.

Garnett, Bee, Kuhn & W.P.C.

Atlantic, Iowa
January 4, 2010

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133

To the Officials of Cass County, Iowa

Compliance

We have audited the compliance of Cass County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2009. Cass County's major federal program is 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 are the responsibility of Cass County's management. Our responsibility is to express an opinion on Cass 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 Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cass 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 Cass County's compliance with those requirements.

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

To the Officials of Cass County, Iowa

Internal Control Over Compliance

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

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

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

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

Gromenick, Bell, Kuhn & P.C.

Atlantic, Iowa
January 4, 2010

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:
 - CFDA Number 10.928 - Emergency Watershed Protection
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Cass County qualified as a low-risk auditee.

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting

- 09-IV-A Certified Budget: Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.
- 09-IV-B Questionable Expenditures: No expenditures were noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 09-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Cass County
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting - Continued

09-IV-D Business Transactions: The following business transactions between the County and County officials were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Joyce Jensen, Recorder, Stockholder in Robinson Hardware	Supplies	\$ 5,028

The transactions with the Recorder may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the total transactions exceed \$1,500 during the fiscal year and the transactions were not competitively bid.

Recommendation: The County should consult legal counsel to determine the disposition of this matter.

Response: All purchases from Robinson Hardware were made by departments other than that of the Recorder, except for \$69, with no single purchase greater than \$400. This is not considered to be a conflict.

Conclusion: Response accepted.

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

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

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

09-IV-H 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).

Cass County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting - Continued

09-IV-I 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.

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