

DELAWARE COUNTY

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

JUNE 30, 2009

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DELAWARE COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
William J. Skinner	Board of Supervisors	Jan. 2009
Steven Koeneke	Board of Supervisors	Jan. 2009
Shirley E. Helmrichs	Board of Supervisors	Jan. 2011
Carla Becker	County Auditor	Jan. 2009
Carolyn Wilson	County Treasurer	Jan. 2011
Deborah Peyton	County Recorder	Jan. 2011
John LeClere	County Sheriff	Jan. 2009
John Bernau	County Attorney	Jan. 2011
Claudia Jo Cahalan	County Assessor	Jan. 2010
(After January 2009)		
Shirley E. Helmrichs	Board of Supervisors	Jan. 2011
Jeff Madlom	Board of Supervisors	Jan. 2013
Jerry Reis	Board of Supervisors	Jan. 2013
Carla Becker	County Auditor	Jan. 2013
Carolyn Wilson	County Treasurer	Jan. 2011
Deborah Peyton	County Recorder	Jan. 2011
John LeClere	County Sheriff	Jan. 2013
John Bernau	County Attorney	Jan. 2011
Claudia Jo Cahalan	County Assessor	Jan. 2010

INDEPENDENT AUDITOR'S REPORT

To the Officials of Delaware County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware 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. These financial statements are the responsibility of Delaware County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Delaware County as of June 30, 2009 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2010 on our consideration of Delaware County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 6 through 16 and 48 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

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

Oskaloosa, Iowa
February 11, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Delaware County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- The County's Governmental Fund revenues increased \$990,558 from Fiscal Year 2008 to Fiscal Year 2009. Property taxes and other county tax increased \$288,181.
- The County's Governmental Fund expenditures increased \$1,522,769, from Fiscal Year 2008 to Fiscal Year 2009. Roads and transportation expenditures decreased by \$38,735 and capital projects expenditures increased \$1,079,476.
- The net assets of the County's Governmental Activities increased approximately 6.39%, or \$1,594,672, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Delaware 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 Delaware County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Delaware County acts solely as an agent or custodian for the benefit of those outside of County Government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

- 2) Fiduciary funds are used to report assets held in 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, County Assessor and the agency funds necessary to collect and distribute property taxes to schools, cities and all other taxing authorities. Fiduciary funds also include the Private Purpose Trust Fund which is used to account for outside donations held by the County for the benefit of county residents.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a schedule of changes in fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. A two year comparison is shown below for the 2009 and 2008 fiscal years, focusing on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities

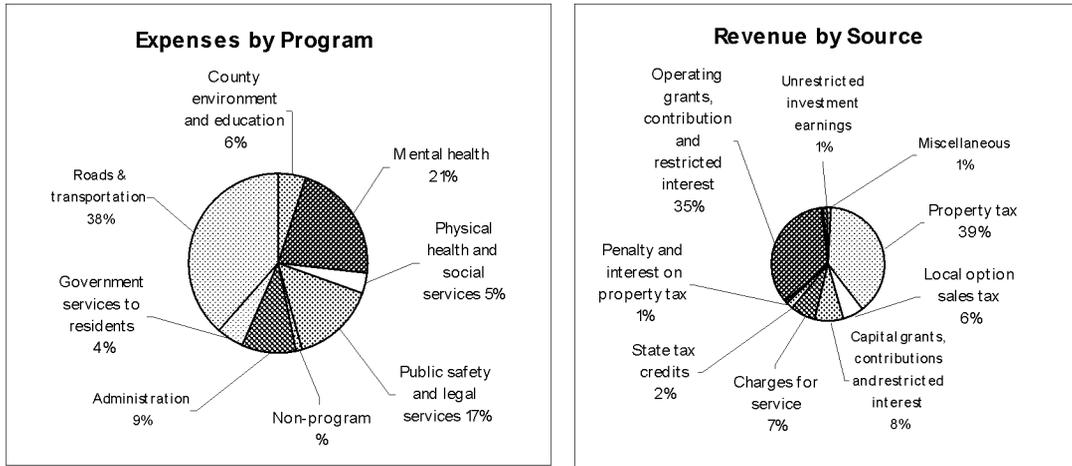
	June 30, 2009	June 30, 2008	% Change
Current and other assets	\$ 10,957,082	\$ 9,918,230	10%
Current assets	<u>23,596,577</u>	<u>21,885,030</u>	<u>8%</u>
Total assets	<u>34,553,659</u>	<u>31,803,310</u>	<u>9%</u>
Long-term debt outstanding	920,335	286,435	221%
Other liabilities	<u>7,102,162</u>	<u>6,580,385</u>	<u>8%</u>
Total liabilities	<u>8,022,497</u>	<u>6,866,820</u>	<u>17%</u>
Net assets:			
Invested in capital assets, net of related debt	23,596,577	21,885,030	8%
Restricted	2,382,276	1,802,877	32%
Unrestricted	<u>552,309</u>	<u>1,248,583</u>	<u>(56%)</u>
Total net assets	<u>\$ 26,531,162</u>	<u>\$ 24,936,490</u>	<u>6%</u>

Net assets of Delaware County's governmental activities increased by \$1,594,672 from 2008 (\$26,531,162 compared to \$24,936,490). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. Any debt related to the investment in capital assets would be liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – are reported at \$552,309 at June 30, 2009.

Changes in Net Assets of Governmental Activities

	Year End <u>June 30, 2009</u>	Year End <u>June 30, 2008</u>	% <u>Change</u>
Revenues:			
Program Revenues			
Charges for services	\$ 1,075,050	\$ 802,926	34%
Operating grants, contributions and restricted interest	5,199,135	5,358,820	(3%)
Capital grants, contributions and restricted interest	1,102,120	3,376,391	(67%)
General Revenues:			
Property Tax	5,732,823	5,479,071	5%
Penalty and interest on property tax	50,626	43,984	15%
State tax credits	303,719	301,137	1%
Local option sales tax	924,358	886,874	4%
Grants and contributions not restricted to specific purposes	0	0	
Unrestricted investment earnings	144,221	156,059	(8%)
Miscellaneous Revenues	<u>142,228</u>	<u>94,382</u>	<u>51%</u>
Total Revenues	<u>14,674,280</u>	<u>16,499,644</u>	<u>(11%)</u>
Program Expenses:			
Public safety and legal services	2,246,792	1,758,181	28%
Physical health and social services	607,428	417,286	46%
Mental Health	2,684,350	2,574,398	4%
County environment and education	799,013	748,158	7%
Roads and Transportation	4,979,384	5,299,963	(6%)
Governmental services to residents	555,836	498,193	12%
Administration	1,150,112	1,095,267	5%
Non-program	30,445	6,812	347%
Interest on Long-term Investments	<u>26,248</u>	<u>0</u>	<u>100%</u>
Total Expenses	<u>13,079,608</u>	<u>12,398,258</u>	<u>5%</u>
Increase in net assets	1,594,672	4,101,386	(61%)
Net assets beginning of year	<u>24,936,940</u>	<u>20,835,104</u>	<u>20%</u>
Net assets end of year	<u>\$ 26,531,162</u>	<u>\$ 24,936,490</u>	<u>6%</u>



(FOR ILLUSTRATIVE PURPOSES)

INDIVIDUAL MAJOR FUND ANALYSIS

As Delaware County completed the year, its governmental funds reported a combined fund balance of \$3,777,892, an increase of \$480,116 from last year's total of \$3,297,776. The increase in fund balance is attributable to many factors. The following are fund balances of the major funds from the prior year:

<u>Ending Fund Balances</u>						
	General Fund	MH Fund	Rural Services Fund	Secondary Road Fund	Other	Total
2009	1,414,223	217,823	60,196	2,007,614	78,006	3,777,892
2008	1,601,768	1,781	34,250	1,562,529	97,448	3,297,776
Difference	(187,545)	216,042	25,946	445,085	(19,442)	480,116
%	(12%)	12,130%	75%	28%	(20%)	15%

As the County completed the year, its governmental funds reported a combined fund balance of \$3,777,892. This is an increase of \$480,116 over the previous year. The following are major reasons for the changes in fund balances from the prior year:

1. There was a decrease of \$187,545 in the General Basic Fund ending balance compared to June 30, 2008. Even though revenues increased \$282,950 from FY 2008 to FY 2009, expenditures also increased in nearly every service area. The most significant increase in expenditures was in the administration service area. Expenditures in this area increased \$242,726 compared to FY 2008. The major portion of this increase was due to insurance, repairs, and FEMA mitigation work completed on the courthouse tower due to several lightning strikes in the late spring of 2007.
2. The County has continued to look for ways to effectively manage the cost of mental health services while still providing said services without a long waiting line. For the year, expenditures totaled \$2,690,644, a decrease of approximately 5.5% over the prior year. The Mental Health fund balance at year end was up \$216,042 from the prior year due to the decrease in expenditures and increase of \$83,678 in revenues. Keeping the fund balance low in 2008 qualified Delaware County for state funding of the growth and other state allocation dollars in 2009. The ending fund balance in 2009 will directly affect the state allocation of revenue for the 2010 and 2011 fiscal years.
3. The Secondary Roads Fund expenditures for 2009 were \$5,742,816, up from \$5,424,548 expended in 2008. Revenues were also up in 2009, \$4,416,526 compared to \$4,040,302 in 2008. The expenditures for 2009 were higher due to the Goose Hill Road paving project carried over to 2009 as opposed to the planned 2008 project. Because Goose Hill Road was not paved in 2008, the construction expenditures were lower in 2008 compared to the higher expenditures in 2009. The expenditures for the snow and ice control budget had to be amended but that was mostly balanced by reducing the planned expenditures in the equipment budget. The revenues were higher in 2009 due to FEMA reimbursements received throughout the spring of 2009. The FEMA reimbursements covered the expenses incurred by Delaware County from the floods of 2008. The Board of Supervisors also increased the amount transferred from the Rural Services Fund by \$184,357 as compared to the amount transferred in 2008. The cumulative effect was an increase of \$445,085 in the ending fund balance compared to the ending fund balance in 2008.
4. The Rural Services Fund expenditures for 2009 were \$206,011, up from \$139,991 expended in 2008. Revenues were up \$276,007 from 2008 (\$1,885,140 compared to \$1,609,133 in 2008). This fund supports county libraries, weed eradication, township officials, economic development and solid waste disposal expenses in the County. Transfers are also made from this fund to the Secondary Road Fund per Iowa Code. The ending fund balance increased \$25,946 during FY 2009.

BUDGETARY HIGHLIGHTS

Over the course of the year, Delaware County amended its budget two (2) times. The first amendment was made December 1, 2008 to accommodate an extra \$2,250,000 in expenditures. \$120,000 was in Physical Health and Social Services to pay for children committed to the Iowa Juvenile Home in Toledo, \$520,000 in Roads & Transportation for FEMA expenditures, \$240,000 in Administration for repair of the courthouse tower and bring on full-time GIS specialist, \$1,364,000 in Capital Projects for the Goose Hill Road Project carried over from 2008 and the Communications Project, and \$6,000 in Nonprogram for work completed at the County Farm.

The second amendment was made on March 9, 2009. Expenditures increased a total of \$704,213 with Public Safety increasing \$5,500, Physical Health and Social Services decreasing \$300, Mental Health increasing \$250,000 for the addition of a drop-in center, County Environment & Education increasing \$239,500, Roads & Transportation increasing \$80,000, Government Services to Residents decreasing \$12,965, Administration increasing \$26,600, and Capital Projects increasing \$115,878 due to FEMA expenditures.

Delaware County also amended its Appropriations four (4) times outside of any budget amendment. On March 23, 2009 \$1.00 was taken from the General Fund appropriation for the Recorder's Office and added to the Recorder's Electronic Transfer Fund appropriation. On April 1, 2009, \$5,000 of Appropriation was transferred within the General Fund from the Sheriff's Department to the Medical Examiners Department due to an unforeseen increase in medical examiner expenditures. Also, \$5,000 was transferred in the General Fund Appropriations from the Community Services Department to the Veteran Affairs Department. On May 18, 2009, \$5,000 of General Fund Appropriations was transferred from the Sheriff's Department to the Medical Examiner's Department to account for unforeseen expenditures. And, on June 1, 2009, \$35 was transferred from Conservation's General Fund Appropriation into its Supplemental Environmental Project Fund to expend the remainder of the fund balance in this fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2009, Delaware County had approximately \$23,596,577 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges, net of accumulated depreciation of \$7,491,583.

Capital Assets of Governmental Activities
At Year End

	June 30, 2009
<u>Acquisition cost:</u>	
Land	\$ 591,102
Construction in progress	85,746
Buildings and improvement	3,908,701
Equipment and vehicles	6,538,534
Infrastructure	<u>19,964,077</u>
Total	\$ 30,411,312
<u>Accumulated depreciation:</u>	
Buildings	\$ (2,015,288)
Machinery & Equipment	(3,667,312)
Infrastructure	<u>(1,808,983)</u>
Total net government activities capital assets	\$ 23,596,577

The County had depreciation expense of \$1,295,331 in FY09.

Long-Term Debt

At June 30, 2008, Delaware County had \$286,435 in long-term liabilities compared to \$920,335 at June 30, 2009, as shown below:

Outstanding Debt of Governmental Activities At Year End	
	June 30, 2009
General Obligation Note	\$ 572,000
Compensated Absences	<u>\$ 348,335</u>
Total	\$ 920,335

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the actual assessed value of all taxable property within the County. Delaware County has \$572,000 of outstanding general obligation debt, well within the limit. Other obligations include accrued vacation pay and sick leave. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Delaware County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and the fees that will be charged for various County activities.

Various indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are \$13,986,559, a decrease of 14% from the final 2009 budget (after the final amendment). These factors were all part of the considerations for the FY 2010 budget which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	<u>Dollars</u> <u>Certified</u>	<u>Percentage</u> <u>Increase (Decrease)</u>
General Fund	\$2,917,134	5.6 %
General Supplemental	767,131	42.0 %
Mental Health Fund	919,782	(0.3) %
Debt Service	96,000	
Rural Services	1,937,371	7.4 %

Levy rates for 2009/2010 increased by about 24 cents in the General Supplemental Fund to account for the increased expenditures for children in the juvenile home in Toledo and the Rural Services Fund by a little over 7 cents per thousand over the 2008/2009 levy due mostly to an increase in the amount transferred to Secondary Roads. Delaware County also levied around 11 cents Debt Service in FY 2010 whereas there was no levy for Debt Service in FY 2009.

Delaware County has had the following initiatives to the 2010 budget:

1. The County had to continue to levy out of General Supplemental Fund due to increased expenditures and maximum levy in the General Fund.
2. The General Supplemental Fund expenditures will continue at present levels due to the placement of children at the Juvenile Home in Toledo and the increasing costs of election administration.
3. Delaware County will continue to levy for Debt Service until the Communications General Obligation Note is paid off.
4. Will look into new cost saving ideas for the Secondary Roads Department to help offset increased costs of construction and fuel.

If these estimates are realized, the County's budgetary operating balance is expected to remain fairly consistent for the close of 2010.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Delaware County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Delaware County Auditor's Office at 301 E. Main Street, Room 210 in Manchester, Iowa.

Basic Financial Statements

DELAWARE COUNTY
STATEMENT OF NET ASSETS
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 3,645,151
Receivables:	
Property tax:	
Delinquent	2,048
Succeeding year	6,341,000
Interest and penalty on property tax	653
Accounts	50,830
Accrued interest	11,053
Due from other governments	565,024
Inventories	341,323
Capital assets, net of accumulated depreciation (note 4)	<u>23,596,577</u>
 Total assets	 <u>34,553,659</u>
Liabilities	
Accounts payable	335,288
Salaries and benefits payable	166,326
Due to other governments	233,300
Accrued interest payable	26,248
Deferred revenue:	
Succeeding year property tax	6,341,000
Long-term liabilities (note 7):	
Portion due or payable within one year:	
General obligation notes	34,588
Compensated absences	132,341
Portion due or payable after one year:	
General obligation notes	537,412
Compensated absences	<u>215,994</u>
 Total liabilities	 <u>8,022,497</u>

DELAWARE COUNTY
STATEMENT OF NET ASSETS
June 30, 2009

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets	\$ 23,596,577
Restricted for:	
Supplemental levy purposes	128,607
Mental health purposes	203,650
Rural services	59,497
Secondary roads	1,790,056
Capital projects	55,975
Other special revenue purposes	122,938
Prisoner room and board	21,553
Unrestricted	<u>552,309</u>
Total net assets	<u>\$ 26,531,162</u>

See notes to financial statements.

DELAWARE COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	
Governmental Activities:					
Public safety and legal services	\$ 2,246,792	\$ 118,684	\$ 128,436	\$ -	\$ (1,999,672)
Physical health and social services	607,428	37,170	122,556	-	(447,702)
Mental health	2,684,350	45,773	1,936,167	-	(702,410)
County environment and education	799,013	219,249	90,837	147,759	(341,168)
Roads and transportation	4,979,384	43,227	2,874,915	928,756	(1,132,486)
Government services to residents	555,836	355,104	8,906	-	(191,826)
Administration	1,150,112	255,843	37,318	25,605	(831,346)
Non-program	30,445	-	-	-	(30,445)
Interest on long-term debt	26,248	-	-	-	(26,248)
Total	\$ 13,079,608	\$ 1,075,050	\$ 5,199,135	\$ 1,102,120	\$ (5,703,303)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,732,789
Debt service					34
Penalty and interest on property tax					50,626
State tax credits					303,719
Local option sales and services tax					924,358
Unrestricted investment earnings					144,221
Miscellaneous					142,228
Total general revenues					7,297,975
Change in net assets					1,594,672
Net assets beginning of year					24,936,490
Net assets end of year					\$ 26,531,162

See notes to financial statements.

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DELAWARE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,537,785	\$ 437,158	\$ 62,981	\$ 1,428,089
Receivables:				
Property tax:				
Delinquent	1,335	334	345	-
Succeeding year	3,520,000	879,000	1,852,000	-
Interest and penalty on property tax	653	-	-	-
Accounts	44,746	4,811	-	1,073
Accrued interest	11,043	-	-	-
Due from other governments	46,183	72,496	-	345,464
Inventories	-	-	-	341,323
Total assets	\$ 5,161,745	\$ 1,393,799	\$ 1,915,326	\$ 2,115,949

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 179,138	\$ 3,645,151
34	2,048
90,000	6,341,000
-	653
200	50,830
10	11,053
100,881	565,024
-	341,323
<u>\$ 370,263</u>	<u>\$ 10,957,082</u>

DELAWARE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 112,496	\$ 62,435	\$ 299	\$ 58,936
Salaries and benefits payable	92,862	21,350	2,521	49,399
Due to other governments (note 5)	20,413	212,887	-	-
Deferred revenue:				
Succeeding year property tax	3,520,000	879,000	1,852,000	-
Other	1,751	304	310	-
Total liabilities	<u>3,747,522</u>	<u>1,175,976</u>	<u>1,855,130</u>	<u>108,335</u>
Fund balances:				
Reserved for:				
Inventories	-	-	-	341,323
Supplemental levy purposes	128,354	-	-	-
Debt service	-	-	-	-
Prisoner room and board	21,553	-	-	-
Unreserved, reported in:				
General fund	1,264,316	-	-	-
Special revenue funds	-	217,823	60,196	1,666,291
Capital projects fund	-	-	-	-
Total fund balances	<u>1,414,223</u>	<u>217,823</u>	<u>60,196</u>	<u>2,007,614</u>
Total liabilities and fund balances	<u>\$ 5,161,745</u>	<u>\$ 1,393,799</u>	<u>\$ 1,915,326</u>	<u>\$ 2,115,949</u>

See notes to financial statements.

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 101,122	\$ 335,288
194	166,326
-	233,300
90,000	6,341,000
100,911	103,276
<u>292,227</u>	<u>7,179,190</u>
-	341,323
-	128,354
4	4
-	21,553
-	1,264,316
22,057	1,966,367
55,975	55,975
<u>78,036</u>	<u>3,777,892</u>
<u>\$ 370,263</u>	<u>\$ 10,957,082</u>

DELAWARE COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances of governmental funds	\$ 3,777,892
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 as assets in the governmental funds. The cost of assets is \$31,088,160 and the accumulated depreciation is \$7,491,583.	23,596,577
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	103,276
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(26,248)
Long-term liabilities, including notes payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(920,335)</u>
Net assets of governmental activities	\$ <u><u>26,531,162</u></u>

See notes to financial statements.

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DELAWARE COUNTY

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

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 3,232,920	\$ 877,516	\$ 1,713,510	\$ 831,923
Interest and penalty on property tax	50,380	-	-	-
Intergovernmental	607,661	1,982,682	159,875	3,538,393
Licenses and permits	100	-	10,400	5,360
Charges for service	501,113	-	-	-
Use of money and property	181,480	14,532	-	-
Miscellaneous	334,169	31,956	1,355	40,850
Total revenues	<u>4,907,823</u>	<u>2,906,686</u>	<u>1,885,140</u>	<u>4,416,526</u>
Expenditures:				
Operating:				
Public safety and legal services	1,823,742	-	-	-
Physical health and social services	567,107	-	-	-
Mental health	-	2,690,644	-	-
County environment and education	506,285	-	201,102	-
Roads and transportation	-	-	-	4,247,873
Government services to residents	518,505	-	-	-
Administration	1,311,587	-	4,909	-
Non-program	30,445	-	-	-
Capital projects	337,758	-	-	1,494,943
Total expenditures	<u>5,095,429</u>	<u>2,690,644</u>	<u>206,011</u>	<u>5,742,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(187,606)</u>	<u>216,042</u>	<u>1,679,129</u>	<u>(1,326,290)</u>
Other financing sources (uses):				
Sale of capital assets	61	-	-	118,192
Interfund transfers in (note 3)	-	-	-	1,653,183
Interfund transfers out (note 3)	-	-	(1,653,183)	-
General obligation notes issued	-	-	-	-
Total other financing sources (uses)	<u>61</u>	<u>-</u>	<u>(1,653,183)</u>	<u>1,771,375</u>
Net change in fund balances	(187,545)	216,042	25,946	445,085
Fund balances beginning of year	<u>1,601,768</u>	<u>1,781</u>	<u>34,250</u>	<u>1,562,529</u>
Fund balances end of year	<u>\$ 1,414,223</u>	<u>\$ 217,823</u>	<u>\$ 60,196</u>	<u>\$ 2,007,614</u>

See notes to financial statements.

Nonmajor Governmental		
<u>Funds</u>		<u>Total</u>
\$ 4	\$	6,655,873
-		50,380
18,177		6,306,788
-		15,860
4,583		505,696
2,568		198,580
46,207		454,537
<u>71,539</u>		<u>14,187,714</u>
9,171		1,832,913
16,951		584,058
-		2,690,644
105,729		813,116
-		4,247,873
5,132		523,637
-		1,316,496
-		30,445
525,968		2,358,669
<u>662,951</u>		<u>14,397,851</u>
<u>(591,412)</u>		<u>(210,137)</u>
-		118,253
-		1,653,183
-		(1,653,183)
572,000		572,000
<u>572,000</u>		<u>690,253</u>
(19,412)		480,116
<u>97,448</u>		<u>3,297,776</u>
<u>\$ 78,036</u>	<u>\$</u>	<u>3,777,892</u>

DELAWARE 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 balances - total governmental funds \$ 480,116

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

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

	Expenditures for capital assets	\$ 2,701,722	
Capital assets contributed by the Iowa Department of Transportation		305,156	
	Depreciation expense	<u>(1,295,331)</u>	1,711,547

Because some revenues will not be collected for several months after the
County's year end, they are not considered available revenues and are
deferred in the governmental funds, as follows:

	Property tax	1,554	
	Other	<u>61,603</u>	63,157

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 and does not affect the Statement of Activities. (572,000)

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 the governmental funds, as follows:

	Compensated absences	(61,900)	
	Interest on long-term debt	<u>(26,248)</u>	<u>(88,148)</u>

Change in net assets of governmental activities \$ 1,594,672

See notes to financial statements.

DELAWARE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	<u>Private - Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and pooled investments:		
County Treasurer	\$ -	\$ 1,592,168
Other County officials	252,103	93
Receivables:		
Property tax:		
Delinquent	-	8,833
Succeeding year	-	18,215,000
Accounts	-	24,146
Due from other governments	-	2,597
	<u>252,103</u>	<u>19,842,837</u>
Liabilities		
Accounts payable	-	4,137
Salaries and benefits payable	-	6,042
Due to other governments (note 5)	-	19,729,078
Trusts payable	-	93,261
Compensated absences	-	10,319
	<u>-</u>	<u>19,842,837</u>
Net Assets		
Restricted for:		
Trust principal - Spangler (note 11)	128,000	-
Trust principal - Corell (note 11)	2,162	-
Unrestricted	<u>121,941</u>	<u>-</u>
	<u>\$ 252,103</u>	<u>\$ -</u>

See notes to financial statements.

DELAWARE COUNTY
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE-PURPOSE TRUST FUNDS
 Year Ended June 30, 2009

	<u>Private - Purpose Trust Funds</u>
Revenues:	
Interest on investments	\$ 8,358
Refunds and reimbursements	<u>145</u>
Total revenues	<u>8,503</u>
Expenditures:	
Vision care	992
Supplies	2,895
Construction services and supplies	<u>10,000</u>
Total expenditures	<u>13,887</u>
Net change in fund balance	(5,384)
Balance beginning of year	<u>257,487</u>
Balance end of year	<u><u>\$ 252,103</u></u>

See notes to financial statements.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Delaware 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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: Delaware County Assessor's Conference Board, Delaware County Emergency Management Commission, and Delaware County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources 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 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Additionally, the County reports the following 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. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

The Private-purpose Trust Fund is used to account for assets held by the County under trust agreements which require income earned to be used to benefit individuals in various ways.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary, agency 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 and fiduciary, private-purpose trust 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 liabilities and acquisitions under capital leases are reported as other financing sources.

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

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.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

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 non-negotiable certificates of deposit, which are stated at cost.

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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% 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.

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

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

DELAWARE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 150,000
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	25-50
Improvements other than buildings	10-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

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.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (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 the succeeding year property tax receivable, delinquent property tax receivables and other receivables not collected within sixty days after year end.

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

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

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.

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. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is recorded in the 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 and Secondary Roads Funds.

Fund Balances – 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.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$2,326,301.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted in any County function or departmental appropriation.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2009

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. The 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.

The County's funds are all deposited in financial institution depository accounts.

Note 3. 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: Secondary Roads	Special Revenue: Rural Services	\$ <u><u>1,653,183</u></u>

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

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 4. Capital Assets

A summary of capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 591,102	\$ -	\$ -	\$ 591,102
Construction in progress	695,769	1,675,601	2,285,624	85,746
Total capital assets not being depreciated	<u>1,286,871</u>	<u>1,675,601</u>	<u>2,285,624</u>	<u>676,848</u>
Capital assets being depreciated:				
Buildings	3,677,577	231,124	-	3,908,701
Machinery and equipment	6,137,960	827,894	427,320	6,538,534
Infrastructure	17,406,194	2,557,883	-	19,964,077
Total capital assets being depreciated	<u>27,221,731</u>	<u>3,616,901</u>	<u>427,320</u>	<u>30,411,312</u>
Less accumulated depreciation for:				
Buildings	1,936,887	78,401	-	2,015,288
Machinery and equipment	3,389,398	705,234	427,320	3,667,312
Infrastructure	1,297,287	511,696	-	1,808,983
Total accumulated depreciation	<u>6,623,572</u>	<u>1,295,331</u>	<u>427,320</u>	<u>7,491,583</u>
Total capital assets being depreciated, net	<u>20,598,159</u>	<u>2,321,570</u>	<u>-</u>	<u>22,919,729</u>
Governmental activities capital assets, net	<u>\$ 21,885,030</u>	<u>\$ 3,997,171</u>	<u>\$ 2,285,624</u>	<u>\$ 23,596,577</u>

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 115,414
Physical health and social services	22,708
Mental health	53,364
County environment and education	57,038
Roads and transportation	987,285
Government services to residents	8,787
Administration	<u>50,735</u>

Total depreciation expense - governmental activities	<u>\$ 1,295,331</u>
--	---------------------

Note 5. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 20,413
Special Revenue:		
Mental Health		<u>212,887</u>
Total for governmental funds		<u>\$ 233,300</u>
Agency:		
County Assessor	Collections	\$ 1,234,171
Townships		372,099
Corporations		3,889,661
Schools		11,689,156
Area Schools		805,960
County Hospital		863,255
Auto License and Use Tax		406,127
All Other		<u>468,649</u>
Total for agency funds		<u>\$ 19,729,078</u>

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 6. Short-Term Interfund Financing

The County has several projects and obligations occurring throughout the year that require funding at specific times. Due to cash flow differences, monies may not be available in the required Fund but are available in other Funds. To address these cash flow problems, the County approved the following short-term interfund loans:

General Basic to General Supplemental, \$250,000 interest-free loan, approved July 14, 2008 and repaid June 15, 2009.

General Basic to Special Revenue, Secondary Roads, \$150,000 interest-free loan, approved September 22, 2008 and repaid March 23, 2009.

General Basic to Special Revenue, Mental Health, \$150,000 interest-free loan, approved December 29, 2008 and repaid February 9, 2009.

Note 7. Long-Term Liabilities

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

	General Obligation Notes	Compensated Absences	Total
Balance beginning of year	\$ -	\$ 286,435	\$ 286,435
Increases	572,000	180,482	752,482
Decreases	-	118,582	118,582
	<u>572,000</u>	<u>348,335</u>	<u>920,335</u>
Balance end of year	\$ <u>572,000</u>	\$ <u>348,335</u>	\$ <u>920,335</u>
Due within one year	\$ <u>34,588</u>	\$ <u>132,341</u>	\$ <u>166,929</u>

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 7. Long-Term Liabilities (continued)

General Obligation Emergency Services Communication Notes

During the year ended June 30, 2009, the County issued \$572,000 in general obligation emergency services communications notes with interest rates of 4.00%. The notes will be used to complete the County Emergency Management communications project and are payable through the year ending June 30, 2019.

Details of the County's June 30, 2009 general obligation emergency services communication notes are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	4.00 %	\$ 34,588	\$ 37,688	\$ 72,276
2011	4.00	50,781	21,496	72,277
2012	4.00	52,813	19,465	72,278
2013	4.00	54,925	17,353	72,278
2014	4.00	57,123	15,156	72,279
2015	4.00	59,408	12,871	72,279
2016	4.00	61,784	10,494	72,278
2017	4.00	64,255	8,023	72,278
2018	4.00	66,825	5,453	72,278
2019	4.00	69,498	2,780	72,278
		<u>\$ 572,000</u>	<u>\$ 150,779</u>	<u>\$ 722,779</u>

Note 8. Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$234,937, \$219,583 and \$199,679, respectively, equal to the required contributions for each year.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 9. Risk Management

Delaware County is exposed to various risks of loss related to tort; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County also carries commercial insurance for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$200,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Construction Commitment

The County has entered into contracts totaling \$1,322,534 for roadway paving. The projects had not yet been started as of June 30, 2009. The balance remaining at June 30, 2009 of \$1,322,534 will be paid as work on the projects progresses.

Note 11. Private-Purpose Trust Funds

James E. Corell Trust

A portion of the estate of James E. Corell was left to Delaware County, Iowa. The Board of Supervisors is to invest the principal portion and use the interest earned to assist the needy residents of the County to obtain eye care.

H.C. Spangler Trust

A 16-acre farm was left to Delaware County, Iowa by Grace R. Spangler. The Board of Supervisors were appointed trustees and the net proceeds from the farm were to be used to assist in improving conditions for poor persons receiving aid from Delaware County, Iowa. Further, on March 18 of each year, a dinner, the Spangler Dinner, is to be held for such poor people and their guests and an annual financial statement is to be published. In 1973, the Board of Supervisors received permission from the Court to sell the Spangler Farm.

Note 12. Emergency Management Line-of-Credit

The Delaware County Emergency Management Commission, an agency fund of the County, entered into a line-of-credit agreement in October, 2005. The agreement allows a maximum loan amount of \$300,000 with quarterly payments of \$15,000 plus interest at a 4 percent rate per annum. At June 30, 2009, the County Emergency Management Commission line-of-credit was paid in full. During the year ended June 30, 2009, the Commission made loan principal repayments on the agreement totaling \$80,384. The line-of-credit was terminated during the year ended June 30, 2009.

Note 13. Subsequent Events

In July and August 2009, the County entered into various contracts totaling \$451,600 for a bridge and culvert replacements.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 14. Financial Condition

At June 30, 2009, the nonmajor Special Revenue Fund, Emergency Watershed Protection had an unreserved, undesignated deficit fund balance of \$100,881.

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Required Supplementary Information

DELAWARE 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

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS:				
Property and other County tax	\$ 6,697,162	\$ 6,483,143	\$ 6,483,143	\$ 214,019
Interest and penalty on property tax	50,557	30,400	30,400	20,157
Intergovernmental	6,276,182	5,522,199	6,605,472	(329,290)
Licenses and permits	15,730	14,600	14,600	1,130
Charges for service	503,849	388,720	394,220	109,629
Use of money and property	204,569	172,250	177,384	27,185
Miscellaneous	529,243	135,095	924,595	(395,352)
Total receipts	<u>14,277,292</u>	<u>12,746,407</u>	<u>14,629,814</u>	<u>(352,522)</u>
DISBURSEMENTS:				
Public safety and legal services	1,826,084	1,917,692	1,923,192	97,108
Physical health and social services	558,524	532,569	652,269	93,745
Mental health	2,889,085	2,707,741	2,957,741	68,656
County environment and education	718,692	753,267	992,767	274,075
Roads and transportation	4,339,491	3,812,000	4,412,000	72,509
Government services to residents	521,404	543,684	530,719	9,315
Administration	1,308,945	1,138,708	1,405,308	96,363
Non-program	30,445	25,960	147,838	117,393
Capital projects	2,378,633	1,886,700	3,250,700	872,067
Total disbursements	<u>14,571,303</u>	<u>13,318,321</u>	<u>16,272,534</u>	<u>1,701,231</u>
Excess (deficiency) of receipts over (under) disbursements	(294,011)	(571,914)	(1,642,720)	1,348,709
Other financing sources, net	<u>690,253</u>	<u>118,192</u>	<u>118,192</u>	<u>572,061</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	396,242	(453,722)	(1,524,528)	1,920,770
Balance beginning of year	<u>3,248,909</u>	<u>3,248,909</u>	<u>3,248,909</u>	-
Balance end of year	<u>\$ 3,645,151</u>	<u>\$ 2,795,187</u>	<u>\$ 1,724,381</u>	<u>\$ 1,920,770</u>

See accompanying independent auditor's report.

DELAWARE COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 14,277,292	\$ (89,578)	\$ 14,187,714
Expenditures	14,571,303	(173,452)	14,397,851
Net	(294,011)	83,874	(210,137)
Other financing sources, net	690,253	-	690,253
Beginning fund balances	3,248,909	48,867	3,297,776
Ending fund balances	<u>\$ 3,645,151</u>	<u>\$ 132,741</u>	<u>\$ 3,777,892</u>

See accompanying independent auditor's report.

DELAWARE 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, internal service funds, 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, government 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, two budget amendments increased budgeted disbursements by \$2,954,213. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted in any County function and disbursements did not exceed departmental appropriations.

Other Supplementary Information

DELAWARE COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Conservation Land Acquisition	Conservation Projects
Assets				
Cash and pooled investments	\$ 25,219	\$ 39,651	\$ 17,621	\$ 14,400
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	-
Accrued interest	10	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ <u>25,229</u>	\$ <u>39,651</u>	\$ <u>17,621</u>	\$ <u>14,400</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 156
Salaries and benefits payable	-	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	156
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Unreserved	25,229	39,651	17,621	14,244
Total fund balances	<u>25,229</u>	<u>39,651</u>	<u>17,621</u>	<u>14,244</u>
Total liabilities and fund balances	\$ <u>25,229</u>	\$ <u>39,651</u>	\$ <u>17,621</u>	\$ <u>14,400</u>

See accompanying independent auditor's report.

<u>Drug Forfeiture</u>	<u>Sheriff's Reserve</u>	<u>Emergency Watershed Protection</u>	<u>McGee Discretionary Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 667	\$ 5,097	\$ -	\$ 20,508	\$ -	\$ 55,975	\$ 179,138
-	-	-	-	34	-	34
-	-	-	-	90,000	-	90,000
-	200	-	-	-	-	200
-	-	-	-	-	-	10
-	-	100,881	-	-	-	100,881
<u>\$ 667</u>	<u>\$ 5,297</u>	<u>\$ 100,881</u>	<u>\$ 20,508</u>	<u>\$ 90,034</u>	<u>\$ 55,975</u>	<u>\$ 370,263</u>
\$ -	\$ 85	\$ 100,881	\$ -	\$ -	\$ -	\$ 101,122
-	194	-	-	-	-	194
-	-	-	-	90,000	-	90,000
-	-	100,881	-	30	-	100,911
-	279	201,762	-	90,030	-	292,227
-	-	-	-	4	-	4
667	5,018	(100,881)	20,508	-	55,975	78,032
667	5,018	(100,881)	20,508	4	55,975	78,036
<u>\$ 667</u>	<u>\$ 5,297</u>	<u>\$ 100,881</u>	<u>\$ 20,508</u>	<u>\$ 90,034</u>	<u>\$ 55,975</u>	<u>\$ 370,263</u>

DELAWARE COUNTY

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

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhancement and Protection	Conservation Land Acquisition
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	18,177	-
Charges for service	4,583	-	-	-
Use of money and property	206	-	347	1,925
Miscellaneous	235	-	-	-
Total revenues	<u>5,024</u>	<u>-</u>	<u>18,524</u>	<u>1,925</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Government services to residents	4,898	234	-	-
Capital projects	-	-	175	8,072
Total expenditures	<u>4,898</u>	<u>234</u>	<u>175</u>	<u>8,072</u>
Excess (deficiency) of revenues over (under) expenditures	126	(234)	18,349	(6,147)
Other financing sources:				
General obligation notes issued	-	-	-	-
Net change in fund balances	126	(234)	18,349	(6,147)
Fund balances beginning of year	<u>25,103</u>	<u>234</u>	<u>21,302</u>	<u>23,768</u>
Fund balances end of year	<u>\$ 25,229</u>	<u>\$ -</u>	<u>\$ 39,651</u>	<u>\$ 17,621</u>

<u>Environmental Projects</u>	<u>Conservation Projects</u>	<u>Drug Forfeiture</u>	<u>Sheriff's Reserve</u>	<u>Emergency Watershed Protection</u>	<u>McGee Discretionary Trust</u>	<u>Debt Service</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12	72	6	-	-	-	-
-	12,644	-	10,027	-	23,301	-
<u>12</u>	<u>12,716</u>	<u>6</u>	<u>10,027</u>	<u>-</u>	<u>23,301</u>	<u>4</u>
-	-	-	9,171	-	-	-
-	-	-	-	-	16,951	-
-	4,848	-	-	100,881	-	-
-	-	-	-	-	-	-
1,696	-	-	-	-	-	-
<u>1,696</u>	<u>4,848</u>	<u>-</u>	<u>9,171</u>	<u>100,881</u>	<u>16,951</u>	<u>-</u>
(1,684)	7,868	6	856	(100,881)	6,350	4
-	-	-	-	-	-	-
(1,684)	7,868	6	856	(100,881)	6,350	4
1,684	6,376	661	4,162	-	14,158	-
<u>\$ -</u>	<u>\$ 14,244</u>	<u>\$ 667</u>	<u>\$ 5,018</u>	<u>\$ (100,881)</u>	<u>\$ 20,508</u>	<u>\$ 4</u>

DELAWARE COUNTY

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

	<u>Capital Projects</u>	<u>Total</u>
Revenues:		
Property and other County tax	\$ -	\$ 4
Intergovernmental	-	18,177
Charges for service	-	4,583
Use of money and property	-	2,568
Miscellaneous	-	46,207
Total revenues	<u>-</u>	<u>71,539</u>
Expenditures:		
Operating:		
Public safety and legal services	-	9,171
Physical health and social services	-	16,951
County environment and education	-	105,729
Government services to residents	-	5,132
Capital projects	516,025	525,968
Total expenditures	<u>516,025</u>	<u>662,951</u>
Excess (deficiency) of revenues over (under) expenditures	(516,025)	(591,412)
Other financing sources:		
General obligation notes issued	<u>572,000</u>	<u>572,000</u>
Net change in fund balances	55,975	(19,412)
Fund balances beginning of year	<u>-</u>	<u>97,448</u>
Fund balances end of year	<u>\$ 55,975</u>	<u>\$ 78,036</u>

See accompanying independent auditor's report.

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DELAWARE COUNTY

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

	<u>County Recorder</u>	<u>County Assessor</u>	<u>Emergency Management</u>	<u>Brucellosis and Tuberculosis Eradication</u>
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ -	\$ 679,995	\$ 1,015	\$ 59
Other County officials	93	-	-	-
Receivables:				
Property tax:				
Delinquent	-	215	-	1
Succeeding year	-	567,000	-	2,000
Accounts	-	-	-	-
Due from other governments	-	-	2,597	-
	<hr/>			
Total assets	<u>\$ 93</u>	<u>\$ 1,247,210</u>	<u>\$ 3,612</u>	<u>\$ 2,060</u>
LIABILITIES				
Accounts payable	\$ -	\$ 149	\$ 1,037	\$ -
Salaries and benefits payable	-	6,042	-	-
Due to other governments	93	1,234,171	(896)	2,060
Trusts payable	-	-	-	-
Compensated absences	-	6,848	3,471	-
	<hr/>			
Total liabilities	<u>\$ 93</u>	<u>\$ 1,247,210</u>	<u>\$ 3,612</u>	<u>\$ 2,060</u>

<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>City Special Assessments</u>	<u>Agricultural Extension Education</u>	<u>County Hospital</u>
\$ 8,026	\$ 57,399	\$ 241,651	\$ 9,653	\$ 8,356	\$ 3,821	\$ 16,934
-	-	-	-	-	-	-
73	3,262	4,505	307	-	65	321
364,000	3,829,000	11,443,000	796,000	-	172,000	846,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 372,099</u>	<u>\$ 3,889,661</u>	<u>\$ 11,689,156</u>	<u>\$ 805,960</u>	<u>\$ 8,356</u>	<u>\$ 175,886</u>	<u>\$ 863,255</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
372,099	3,889,661	11,689,156	805,960	8,356	175,886	863,255
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 372,099</u>	<u>\$ 3,889,661</u>	<u>\$ 11,689,156</u>	<u>\$ 805,960</u>	<u>\$ 8,356</u>	<u>\$ 175,886</u>	<u>\$ 863,255</u>

DELAWARE COUNTY

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

	<u>Auto License and Use Tax</u>	<u>Tax Sale Redemption</u>	<u>Advance Tax Collection</u>	<u>Lake District</u>
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 406,127	\$ 51,609	\$ 33,049	\$ 2,262
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	84
Succeeding year	-	-	-	188,000
Accounts	-	-	-	-
Due form other governments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 406,127</u>	<u>\$ 51,609</u>	<u>\$ 33,049</u>	<u>\$ 190,346</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	-
Salaries and benefits payable	-	-	-	-
Due to other governments	406,127	-	-	190,346
Trusts payable	-	51,609	33,049	-
Compensated absences	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 406,127</u>	<u>\$ 51,609</u>	<u>\$ 33,049</u>	<u>\$ 190,346</u>

See accompanying independent auditor's report.

<u>E-911</u>	<u>Flex Plan</u>	<u>Fire District</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Total</u>
\$ 64,473	\$ 6,715	\$ 187	\$ 837	\$ 1,592,168
-	-	-	-	93
-	-	-	-	8,833
-	-	8,000	-	18,215,000
22,258	1,888	-	-	24,146
-	-	-	-	2,597
<u>\$ 86,731</u>	<u>\$ 8,603</u>	<u>\$ 8,187</u>	<u>\$ 837</u>	<u>\$ 19,842,837</u>
\$ 2,951	\$ -	\$ -	\$ -	\$ 4,137
-	-	-	-	6,042
83,780	-	8,187	837	19,729,078
-	8,603	-	-	93,261
-	-	-	-	10,319
<u>\$ 86,731</u>	<u>\$ 8,603</u>	<u>\$ 8,187</u>	<u>\$ 837</u>	<u>\$ 19,842,837</u>

DELAWARE COUNTY

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

	County Offices		County Assessor	Emergency Management
	County Recorder	County Sheriff		
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 151	\$ -	\$ 1,324,042	\$ 7,875
Additions:				
Property and other County tax	-	-	567,344	-
State tax credits	-	-	27,896	-
E-911 surcharge	-	-	-	-
Reimbursements from other governments	-	-	-	123,089
Office fees and collections	351,913	87,025	-	-
Auto licenses, use tax, driver licenses, and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	110,938	-	-
Interest on investments	-	-	-	-
Miscellaneous	-	-	3,955	226,140
Total additions	351,913	197,963	599,195	349,229
Deductions:				
Agency Remittance:				
To other funds	161,156	84,727	-	-
To other governments	190,815	2,298	676,027	353,492
Trusts paid out	-	110,938	-	-
Total deductions	351,971	197,963	676,027	353,492
Balances end of year	\$ 93	\$ -	\$ 1,247,210	\$ 3,612

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>City Special Assessments</u>	<u>Agricultural Extension Education</u>
\$ 3,047	\$ 348,385	\$ 3,569,820	\$ 10,913,734	\$ 433,391	\$ 7,079	\$ 174,013
1,624	363,792	3,850,266	11,441,290	796,738	-	172,167
139	17,898	163,169	570,117	22,645	-	9,071
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	111,705	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,763	381,690	4,013,435	12,011,407	819,383	111,705	181,238
-	-	-	-	-	-	-
2,750	357,976	3,693,594	11,235,985	446,814	110,428	179,365
-	-	-	-	-	-	-
2,750	357,976	3,693,594	11,235,985	446,814	110,428	179,365
\$ 2,060	\$ 372,099	\$ 3,889,661	\$ 11,689,156	\$ 805,960	\$ 8,356	\$ 175,886

DELAWARE COUNTY

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

	<u>County Hospital</u>	<u>Auto License and Use Tax</u>	<u>Tax Sale Redemption</u>	<u>Advance Tax Collection</u>
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 770,738	\$ 355,411	\$ 7,313	\$ 46,155
Additions:				
Property and other County tax	846,550	-	-	-
State tax credits	40,201	-	-	-
E-911 surcharge	-	-	-	-
Reimbursements from other governments	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax, driver licenses, and postage	-	4,608,123	-	-
Assessments	-	-	-	-
Trusts	-	-	130,617	40,085
Interest on investments	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>886,751</u>	<u>4,608,123</u>	<u>130,617</u>	<u>40,085</u>
Deductions:				
Agency Remittance:				
To other funds	-	196,561	-	-
To other governments	794,234	4,360,846	-	-
Trusts paid out	-	-	86,321	53,191
Total deductions	<u>794,234</u>	<u>4,557,407</u>	<u>86,321</u>	<u>53,191</u>
Balances end of year	<u>\$ 863,255</u>	<u>\$ 406,127</u>	<u>\$ 51,609</u>	<u>\$ 33,049</u>

See accompanying independent auditor's report.

<u>Lake District</u>	<u>E-911</u>	<u>Flex Plan</u>	<u>Fire District</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Total</u>
\$ 179,512	\$ 82,244	\$ 8,604	\$ 8,181	\$ 697	\$ 18,240,392
188,672	-	-	7,473	-	18,235,916
3,135	-	-	534	-	854,805
-	180,338	-	-	-	180,338
-	-	-	-	-	123,089
-	-	-	-	4,581	443,519
-	-	-	-	-	4,608,123
-	-	-	-	-	111,705
-	-	49,863	-	-	331,503
-	2,356	-	-	-	2,356
-	-	-	-	-	230,095
<u>191,807</u>	<u>182,694</u>	<u>49,863</u>	<u>8,007</u>	<u>4,581</u>	<u>25,121,449</u>
-	-	-	-	-	442,444
180,973	178,207	-	8,001	4,441	22,776,246
-	-	49,864	-	-	300,314
<u>180,973</u>	<u>178,207</u>	<u>49,864</u>	<u>8,001</u>	<u>4,441</u>	<u>23,519,004</u>
\$ <u>190,346</u>	\$ <u>86,731</u>	\$ <u>8,603</u>	\$ <u>8,187</u>	\$ <u>837</u>	\$ <u>19,842,837</u>

DELAWARE COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Property and other County tax	\$ 6,655,873	\$ 6,367,692	\$ 6,179,275	\$ 5,325,886	\$ 5,200,393
Interest and penalty on property tax	50,380	44,443	36,929	40,788	43,597
Intergovernmental	6,306,788	5,790,202	5,539,705	5,791,503	5,426,274
Licenses and permits	15,860	13,910	13,235	17,588	12,621
Charges for service	505,696	480,542	468,702	479,998	462,858
Use of money and property	198,580	220,273	211,076	105,223	132,772
Miscellaneous	454,537	280,094	141,404	115,864	100,070
Total	<u>\$ 14,187,714</u>	<u>\$ 13,197,156</u>	<u>\$ 12,590,326</u>	<u>\$ 11,876,850</u>	<u>\$ 11,378,585</u>
Expenditures:					
Operating:					
Public safety and legal services	\$ 1,832,913	\$ 1,760,399	\$ 1,660,015	\$ 1,455,562	\$ 1,426,663
Physical health and social services	584,058	452,747	431,955	382,510	357,859
Mental health	2,690,644	2,847,779	2,596,198	2,148,717	2,064,158
County environment and education	813,116	683,691	702,506	638,930	559,200
Roads and transportation	4,247,873	4,286,608	3,187,373	3,702,804	4,420,188
Government services to residents	523,637	488,992	444,250	619,518	530,774
Administration	1,316,496	1,068,861	967,030	916,670	922,012
Non-program	30,445	6,812	32,991	12,055	12,072
Capital projects	2,358,669	1,279,193	1,840,978	3,239,706	1,896,531
Total	<u>\$ 14,397,851</u>	<u>\$ 12,875,082</u>	<u>\$ 11,863,296</u>	<u>\$ 13,116,472</u>	<u>\$ 12,189,457</u>

See accompanying independent auditor's report.

DELAWARE 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>
Indirect:			
U.S. Department of Agriculture:			
Iowa Natural Resources Conservation Service:			
Emergency Watershed Protection Program	10.923	FY 09	\$ <u>100,881</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY 09	<u>11,753</u>
U.S. Department of Justice:			
Iowa Secretary of State:			
Protection of Voting Rights	16.104	HAVA	<u>1,542</u>
U.S. General Services Administration:			
Iowa Secretary of State:			
Election Reform Payments	39.011	HAVA	<u>1,050</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR1763	<u>690,981</u>
Emergency Management Performance Grants	97.042	FY 09	<u>26,603</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558	FY 09	<u>10,864</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	FY 09	<u>18</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY 09	<u>3,148</u>
Foster Care - Title IV-E	93.658	FY 09	<u>6,613</u>
Adoption Assistance	93.659	FY 09	<u>1,598</u>
Children's Health Insurance Program	93.767	FY 09	<u>90</u>
Medical Assistance Program	93.778	FY 09	<u>14,314</u>
Social Services Block Grant	93.667	FY 09	<u>7,121</u>
Social Services Block Grant	93.667	FY 09	<u>66,668</u>
			<u>73,789</u>
Total			\$ <u><u>943,244</u></u>

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

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

See accompanying independent auditor's report.

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 Delaware County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware 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 February 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Delaware County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Delaware County's financial statements that is more than inconsequential will not be prevented or detected by Delaware County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no material weaknesses in internal controls over financial reporting during the course of our audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delaware 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 Delaware 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.

Delaware County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Delaware 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 Delaware County and other parties to whom Delaware County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Oskaloosa, Iowa
February 11, 2010

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

To the Officials of Delaware County:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Delaware 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 Delaware County's compliance with those requirements.

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

Internal Control Over Compliance

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

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

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 Delaware County's ability to administer a federal program such that there is more than a remote likelihood that 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

Oskaloosa, Iowa
February 11, 2010

DELAWARE 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) A significant deficiency in internal control over financial reporting was 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 material weaknesses in internal control over 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 disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:
 - CFDA Number 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Delaware County did not qualify as a low-risk auditee.

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

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties

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

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

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

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

Part II: Findings Related to the Basic Financial Statements (continued):

SIGNIFICANT DEFICIENCIES (continued):

II-A-09 Segregation of Duties (continued)

Responses –

County Sheriff - We will review procedures and try to make any necessary changes to improve internal control.

County Treasurer – We have improved procedures during the year and will try to make any necessary changes to improve internal control in the future.

Conclusion – Responses accepted.

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

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

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

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted in any County function. Disbursements did not exceed the amounts appropriated for any County department.
- IV-B-09 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-09 Business Transactions – No business transactions between the County and County officials or employees were noted.
- IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.
- IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-09 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-09 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.
- Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.
- IV-J-09 Financial Condition – The Special Revenue Fund, Emergency Watershed Protection had an unreserved, undesignated fund deficit of \$100,881 at June 30, 2009.
- Recommendation – The County should investigate ways to return this fund to a sound financial condition.
- Response – This was the result of a timing difference between when the project was started and when funding was received. We have now eliminated the deficit balance.
- Conclusion – Response accepted.

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

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

IV-K-09 Excess Compensated Absences Balances – We noted in our testing of compensated absences balances that four employees have carryover balances of vacation which exceed the maximum allowable balance of 160 hours per County policy.

Recommendation – The County should correct the compensated absence balances of these employees to align them with the current County policy.

Response – We will look into this situation and make any necessary adjustments to the compensated absence balances of these employees.

Conclusion – Response accepted.