GUTHRIE COUNTY

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

JUNE 30, 2009

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GUTHRIE COUNTY

Officials

Name	Title	Term Expires
	(Before January 2009)	
Larry Laughery	Board of Supervisors	Jan. 2011
Jim Peterson	Board of Supervisors	Jan. 2011
Kevin Wirt	Board of Supervisors	Jan. 2011
Jerome Caraher	Board of Supervisors	Jan. 2009
Lonnie Bench	Board of Supervisors	Jan. 2009
Jerri Christman	County Auditor	Jan. 2009
Marcia Kindred	County Treasurer	Jan. 2011
Jacki Sloss	County Recorder	Jan. 2011
Roger Baird	County Sheriff	Jan. 2009
Mary Benton	County Attorney	Jan. 2011
Barry Stetzel	County Assessor	Jan. 2010
	(After January 2009)	
Jerome Caraher	Board of Supervisors	Jan. 2013
Mike Dickson	Board of Supervisors	Jan. 2013
Larry Laughery	Board of Supervisors	Jan. 2011
Jim Peterson	Board of Supervisors	Jan. 2011
Kevin Wirt	Board of Supervisors	Jan. 2011
Jerri Christman	County Auditor	Jan. 2013
Marcia Kindred	County Treasurer	Jan. 2011
Jacki Sloss	County Recorder	Jan. 2011
Marty Arganbright	County Sheriff	Jan. 2013
Mary Benton	County Attorney	Jan. 2011
Barry Stetzel	County Assessor	Jan. 2010

INDEPENDENT AUDITOR'S REPORT

To the Officials of Guthrie County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Guthrie 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 Guthrie 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 Guthrie County as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2010 on our consideration of Guthrie 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 7 through 13 and 50 through 53 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 Guthrie County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the year ended June 30, 2005 (which are not presented herein) were audited by other auditors who 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
March 26, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Guthrie County provides this Management Discussion and Analysis of its fiscal year end June 30, 2009 financial statements. This analysis is to be read in conjunction with the County's audited financial statements.

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

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

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

Governmental Fund Financial Statements tell how the governmental services were financed in the short term as well as what remains for future spending. Fund Financial Statements report the County's operations in more detail than the Government-Wide Financial Statements by showing more detailed information by fund. There are also financial statements relating to the County's Proprietary Fund which is an internal service fund for the employee group health insurance.

Notes to Financial Statements provide additional information essential to fully understand the data provided in the Basic Financial Statements.

Required Supplementary Information includes Budgetary Comparison Schedules and Notes to Required Supplementary Information. This information supports the basic financial statements and gives comparative information between actual and budgeted amounts.

Other Supplementary Information provides detailed information about Nonmajor Governmental Funds and Agency Funds.

The annual financial statements end with the Independent Auditor's Reports and the Schedule of Findings and Questioned Costs.

DESCRIPTION OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements:
One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of

accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, and interest on long-term debt. General revenues are also shown with Property taxes making up 79.07% of the total general revenues.

Fund Financial Statements:
The County has three kinds of funds:
1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Urban Renewal Fund and 4) the Nonmajor Governmental Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund 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. A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. Fiduciary funds are used to report assets held in a trust or agency capacity for others

which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for townships, schools or the county assessor for example. The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets can serve over time as a useful indicator of the financial position of the County. See Net Assets for Guthrie County in Table 1 below:

Table 1: Net Assets of Governmental Activities

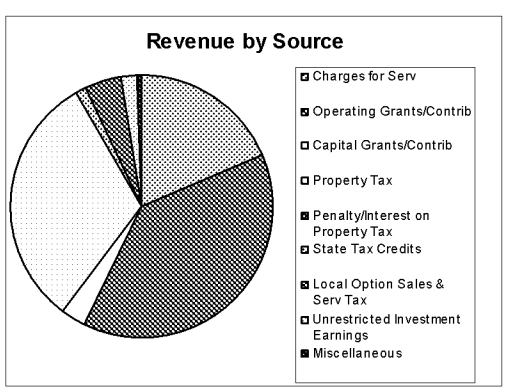
	June 30, 2009	June 30, 2008
Current and Other Assets	$10,630,730	$11,971,366
Capital Assets, Net of Accumulated Depreciation	10,419,416	10,003,930
Total Assets	21,050,146	21,975,296
Long-Term Liabilities	1,739,240	2,026,378
Other Liabilities	4,026,475	3,958,767
Total Liabilities	5,765,715	5,985,145
Net Assets:		
Invested in Capital Assets, Net of Related Debt	9,165,116	8,467,930
Restricted	3,822,438	4,720,638
Unrestricted	2,296,877	2,801,583
Total Net Assets	$15,284,431	$15,990,151

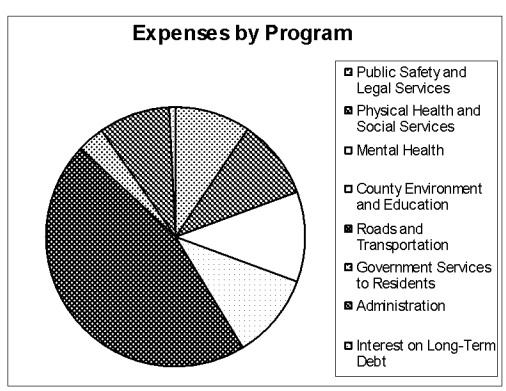
Total Net Assets decreased 4.41% or $705,720 from 2008 to 2009. The largest portion of the County's Net Assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less related debt. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased $504,706 from 2008 to 2009, a decrease of 18.02%. For a summary of capital assets activity for 2009 please see Note 5 in the Notes to Financial Statements.

Table 2 shows the changes (Revenues and Expenses) in Net Assets. The two pie graphs following the table depict the Revenues and Expenses for 2009 by category.

Table 2: Changes in Net Assets of Governmental Activities

	June 30, 2009	June 30, 2008
Revenues:		
Program Revenues:		
Charges for Services	$1,950,671	$2,107,292
Operating Grants, Contributions, and Restricted Interest	4,019,464	4,010,222
Capital Grants, Contributions, and Restricted Interest	322,639	1,668,785
General Revenues:		
Property Tax	3,280,837	3,383,128
Penalty and Interest on Property Tax	0	53,967
State Tax Credits	142,596	156,768
Local Option Sales and Service Tax	464,280	446,866
Unrestricted Investment Earnings	214,576	359,132
Miscellaneous	46,981	54,502
Total Revenues	10,442,044	12,240,662
Program Expenses:		
Public Safety and Legal Services	1,043,090	952,083
Physical Health and Social Services	1,123,639	1,124,724
Mental Health	1,247,639	1,277,427
County Environment and Education	1,201,911	1,118,495
Roads and Transportation	5,072,958	4,444,940
Government Services to Residents	381,458	347,488
Administration & Non-Program	998,335	920,432
Interest on Long-Term Debt	78,734	96,604
Total Expenses	11,147,764	10,282,193
Change in Net Assets	(705,720)	1,958,469
Net Assets Beginning of Year	15,990,151	14,031,682
Net Assets End of Year	$15,284,431	$15,990,151





Guthrie County's Governmental Activities Net Assets decreased 4.41% during the year. Total Revenue decreased $1,798,618 from 2008 or 14.69% with Operating Grants, Contributions and Restricted Interest making up 38.49% of Total Revenue in 2009. Total Expenses increased by 8.42% or $865,571 over 2008 with Roads and Transportation making up the largest percentage of Total Expenses at 45.51%, which can also be seen in the Expenses by Program pie chart.

INDIVIDUAL MAJOR FUND ANALYSIS

As Guthrie County completed the year, its governmental funds reported a combined fund balance of $5,797,258 a decrease of $1,830,524 from last year's $7,627,782. The following are the major reasons for changes in the fund balances of the major funds from the prior year:

- General Fund revenues decreased $228,030 or 6.00% from 2008. The ending fund balance decreased $467,871 to $2,153,305.

- Mental Health Fund balance at the end of the year was $482,912, an increase of $313,226. Total Expenditures were $1,246,897 down 2.21% from 2008. Revenue for the same period was up $31,602 or 2.07%

- Revenue for Rural Services decreased $10,894 and expenditures decreased $115,738. Interfund transfers out to Secondary Roads totaled $1,105,374, resulting in an ending fund balance of $848,626.

- Secondary Roads expenditures increased $1,280,098 or 30.69%. Expenditures were higher in FY08-09 due to flood related expenses. Revenues decreased by 10.58% or $348,339. Secondary Roads also showed other financing sources from transfers in. The ending fund balance was $1,788,998, a decrease of $1,323,463.

BUDGETARY HIGHLIGHTS

Over the course of the year, Guthrie County amended its budget two times. The amendments were made in January and April of 2009. The January amendment resulted in increases in expenditures of $100,000 and increases of $50,000 in revenues. The April amendment resulted in increases in both expenditures and revenues of $970,637 and $536,000 respectively.

The County's total receipts were $823,711 less than the final budget amount. Actual receipts for Intergovernmental were $923,269 less than the final budgeted amount. Actual receipts for Miscellaneous Revenues were $98,920 more than budgeted.

Non-Program expenditures were $77,144 more than the budgeted amount. The increase in non-program expenditures is a one time expense related to the Bayard TIF.

Total disbursements were $1,703,782 less than the amended budget. Actual capital projects disbursements were $531,767 less than budgeted.

The total cash balance as of year end was $2,370,023 greater than what had been budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:
At June 30, 2009, Guthrie County had $10,419,416 (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, and machinery and equipment. The increase in capital assets as of June 30, 2009 was $415,486. Please refer to Table 3 below:

Table 3: Net Capital Assets of Governmental Activities at Year End

	June 30,	
	2009	2008
Land	$1,306,735	$1,306,735
Construction in Progress	380,084	120,000
Buildings	1,049,523	1,049,288
Improvements other than Buildings	401,713	423,829
Machinery and Equipment	2,756,683	2,566,956
Infrastructure	4,524,678	4,537,122
	$10,419,416	$10,003,930

The County had depreciation expense of $664,558 in fiscal year 2009 and total accumulated depreciation of $5,759,118 at June 30, 2009. Please see Note 5 to the financial statements for additional information.

Long-Term Liabilities:
At June 30, 2009 Guthrie County had long-term liabilities of $1,739,240 compared to $2,026,378 at June 30, 2008. Please see Note 7 in the financial statements for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Guthrie County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various County activities. One of those factors in the economy is the unemployment rate. Guthrie County's unemployment rate in June 2009 was 5.8% and in June 2008 the rate was 3.6%. Iowa's unemployment rate was 6.2% for the period ending June 2009 while the comparable U.S. rate was 9.5%.

The economic downturn is of concern as the County looks forward.

The threat of rising fuel cost could affect budgets, in particular the Secondary Roads Department and the Sheriff Department. The state's budgetary concerns could have an effect on the county either directly or indirectly.

A three year union contract, beginning July 1, 2008 with Teamsters Local Union No. 238, Secondary Roads Department remained unchanged.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Guthrie County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Guthrie County Auditor's Office, 200 North 5th Street, Guthrie Center, IA 50115

http://www.iowaworkforce.org/news/2009/08212009.pdf (State and Federal Unemployment Rates)
http://www.google.com/publicdata?ds=usunemployment&met=unemployment_rate&idim=county:CN190770&dl=en&hl=en&q=guthrie+county+unemployment+rate (County Unemployment Rate)
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Basic Financial Statements

GUTHRIE COUNTY

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities
Assets	
Cash and pooled investments:	
County Treasurer	$ 5,133,990
Held by component unit treasurers	361,513
Other County officials	50
Receivables:	
Property tax:	
Delinquent	5,690
Succeeding year	3,419,000
Interest and penalty on property tax	57,841
Accounts	33,433
Accrued interest	57,886
Due from other governments	951,846
Inventories	479,668
Prepaid expenses	129,813
Capital assets, net of accumulated depreciation (note 5)	10,419,416
Total assets	21,050,146
Liabilities	
Accounts payable	282,954
Salaries and benefits payable	90,510
Due to other governments (note 6)	125,132
Accrued interest payable	5,650
Incurred but not reported claims	103,229
Deferred revenue:	
Succeeding year property tax	3,419,000
Long-term liabilities (note 7):	
Portion due or payable within one year:	
Tax increment urban renewal bonds	300,000
Compensated absences	174,663
Portion due or payable after one year:	
Tax increment urban renewal bonds	954,300
Estimated liability for landfill closure and postclosure care	250,631
Compensated absences	59,646
Total liabilities	5,765,715

GUTHRIE COUNTY

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities
Net Assets	
Invested in capital assets, net of related debt	$ 9,165,116
Restricted for:	
Supplemental levy purposes	47,902
Mental health purposes	427,595
Rural services	588,449
Secondary roads	2,186,725
Other special revenue purposes	571,767
Unrestricted	2,296,877
Total net assets	$ 15,284,431

See notes to financial statements.

GUTHRIE COUNTY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and and Changes in Net Assets
Governmental Activities:					
Public safety and legal services	$ 1,043,090	$ 68,051	$ 4,850	$ -	$ (970,189)
Physical health and social services	1,123,639	515,367	316,299	-	(291,973)
Mental health	1,247,639	49,387	896,403	-	(301,849)
County environment and education	1,201,911	641,196	31,907	-	(528,808)
Roads and transportation	5,072,958	394,206	2,734,438	322,639	(1,621,675)
Governmental services to residents	381,458	213,673	34,546	-	(133,239)
Administration	921,192	68,791	-	-	(852,401)
Non-program	77,143	-	-	-	(77,143)
Interest on long-term debt	78,734	-	1,021	-	(77,713)
Total	$ 11,147,764	$ 1,950,671	$ 4,019,464	$ 322,639	(4,854,990)
General Revenues:					
Property and other county tax levied for:					
General purposes					3,280,837
State tax credits					142,596
Local option sales and services tax					464,280
Unrestricted investment earnings					214,576
Miscellaneous					46,981
Total general revenues					4,149,270
Change in net assets					(705,720)
Net assets beginning of year					15,990,151
Net assets end of year					$ 15,284,431

See notes to financial statements.

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GUTHRIE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments:				
County Treasurer	$ 1,947,373	$ 571,450	$ 778,331	$ 1,216,074
Held by component unit treasurers	-	-	-	-
Other County officials	-	-	-	50
Receivables:				
Property tax:				
Delinquent	4,172	1,371	147	-
Succeeding year	1,870,000	581,000	516,000	-
Interest and penalty on property tax	57,841	-	-	-
Interfund receivables (note 3)	-	3,412	-	-
Accounts	29,052	-	2,610	1,771
Accrued interest	52,213	-	-	-
Due from other governments	124,094	18,044	95,361	714,347
Inventories	-	-	-	479,668
Prepaid expenses	77,384	-	2,921	49,508
Total assets	$ 4,162,129	$ 1,175,277	$ 1,395,370	$ 2,461,418

Tax Increment Financing	Nonmajor Governmental Funds	Total
$ 721	$ 214,949	$ 4,728,898
-	361,513	361,513
-	-	50
-	-	5,690
452,000	-	3,419,000
-	-	57,841
-	-	3,412
-	-	33,433
44	300	52,557
-	-	951,846
-	-	479,668
-	-	129,813
$ 452,765	$ 576,762	$ 10,223,721

GUTHRIE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 35,717	$ 38,862	$ 27,843	$ 115,018
Salaries and benefits payable	37,682	-	2,754	50,074
Interfund payables (note 3)	3,412	-	-	-
Due to other governments (note 6)	-	125,132	-	-
Deferred revenue:				
Succeeding year property tax	1,870,000	581,000	516,000	-
Other	62,013	1,371	147	507,328
Total liabilities	2,008,824	746,365	546,744	672,420
Fund balances:				
Reserved for:				
Inventories	-	-	-	479,668
Prepaid expenses	77,384	-	2,921	49,508
Supplemental levy purposes	47,731	-	-	-
Conservation purposes	-	-	-	-
Unreserved:				
Designated for closure and postclosure care costs	-	-	-	-
Undesignated, reported in:				
General fund	2,028,190	-	-	-
Special revenue funds	-	428,912	845,705	1,259,822
Total fund balances	2,153,305	428,912	848,626	1,788,998
Total liabilities and fund balances	$ 4,162,129	$ 1,175,277	$ 1,395,370	$ 2,461,418

See notes to financial statements.

Tax Increment Financing	Nonmajor Governmental Funds	Total
$ -	$ 110	$ 217,550
-	-	90,510
-	-	3,412
-	-	125,132
452,000	-	3,419,000
-	-	570,859
452,000	110	4,426,463
-	-	479,668
-	-	129,813
-	-	47,731
-	485,166	485,166
-	10,000	10,000
-	-	2,028,190
765	81,486	2,616,690
765	576,652	5,797,258
$ 452,765	$ 576,762	$ 10,223,721

GUTHRIE COUNTY

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

Total fund balances of governmental funds	$ 5,797,258
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 $16,178,534 and the accumulated depreciation is $5,759,118.	10,419,416
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	570,859
The Internal Service Fund is used by management to charge the costs of the self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	241,788
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.	(5,650)
Long-term liabilities, including bonds payable, estimated liability for landfill closure and postclosure care costs, and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(1,739,240)
Net assets of governmental activities	$ 15,284,431

See notes to financial statements.

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GUTHRIE COUNTY

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

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	$ 1,781,773	$ 585,426	$ 1,045,127	$ -
Interest and penalty on property tax	40,657	-	-	-
Intergovernmental	1,014,972	972,470	121,048	2,862,343
Licenses and permits	22,031	-	-	8,855
Charges for service	381,392	-	34,326	10
Use of money and property	228,876	-	23	1,200
Miscellaneous	101,050	2,227	288,975	71,547
Total revenues	3,570,751	1,560,123	1,489,499	2,943,955
Expenditures:				
Operating:				
Public safety and legal services	1,057,216	-	-	-
Physical health and social services	1,083,602	-	-	-
Mental health	-	1,246,897	-	-
County environment and education	507,442	-	637,582	-
Roads and transportation	-	-	25,580	4,756,484
Government services to residents	369,315	-	-	-
Administration	912,989	-	-	46,667
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	647,935
Total expenditures	3,930,564	1,246,897	663,162	5,451,086
Excess (deficiency) of revenues over (under) expenditures	(359,813)	313,226	826,337	(2,507,131)
Other financing sources (uses):				
Sale of capital assets	400	-	-	-
Interfund transfers in (note 4)	-	-	-	1,183,668
Interfund transfers out (note 4)	(108,458)	-	(1,105,374)	-
Total other financing sources (uses)	(108,058)	-	(1,105,374)	1,183,668
Net change in fund balances	(467,871)	313,226	(279,037)	(1,323,463)
Fund balances beginning of year	2,621,176	115,686	1,127,663	3,112,461
Fund balances end of year	$ 2,153,305	$ 428,912	$ 848,626	$ 1,788,998

See notes to financial statements.

Tax Increment Financing	Nonmajor Governmental Funds	Total
$ 355,547	$ -	$ 3,767,873
-	-	40,657
208	30,886	5,001,927
-	-	30,886
-	3,065	418,793
1,186	16,598	247,883
-	9,937	473,736
356,941	60,486	9,981,755
-	4,255	1,061,471
-	166	1,083,768
-	-	1,246,897
-	73,376	1,218,400
-	-	4,782,064
-	3,772	373,087
-	-	959,656
77,143	-	77,143
361,960	-	361,960
-	298	648,233
439,103	81,867	11,812,679
(82,162)	(21,381)	(1,830,924)
-	-	400
-	30,164	1,213,832
-	-	(1,213,832)
-	30,164	400
(82,162)	8,783	(1,830,524)
82,927	567,869	7,627,782
$ 765	$ 576,652	$ 5,797,258

GUTHRIE 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		$ (1,830,524)
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	$ 1,080,044	
Depreciation expense	(664,558)	415,486
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	(22,757)	
Other	466,671	443,914
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		281,700
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	(34,420)	
Adjustment to estimated cost for landfill closure and postclosure care	39,858	
Interest on long-term debt	1,526	6,964
The Internal Service Fund is used by management to charge the costs of the self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.		(23,260)
Change in net assets of governmental activities		$ (705,720)

See notes to financial statements.

GUTHRIE COUNTY

STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009

	Internal Service - Employee Group Health
Assets	
Cash and investments	$ 405,092
Accrued interest receivable	5,329
Total assets	410,421
Liabilities	
Accounts payable	65,404
Incurred but not reported claims	103,229
Total liabilities	168,633
Net Assets	
Unrestricted	$ 241,788

See notes to financial statements.

GUTHRIE COUNTY

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

	Internal Service - Employee Group Health
Operating revenues:	
Reimbursements from operating funds	$ 739,944
Reimbursements from employees	140,910
Total operating revenues	880,854
Operating expenses:	
Medical and prescription claims	660,209
Administrative fees and stop loss insurance	245,716
Insurance premiums	14,164
Total operating expenses	920,089
Operating loss	(39,235)
Non-operating revenues:	
Interest on investments	15,975
Net loss	(23,260)
Net assets beginning of year	265,048
Net assets end of year	$ 241,788

See notes to financial statements.

GUTHRIE COUNTY

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 740,681
Cash received from employees and others	141,911
Cash payments for health claims	(636,712)
Cash payments to suppliers for services	(259,880)
Net cash used by operating activities	(14,000)
Cash flows from investing activities:	
Interest on investments	11,650
Purchase of certificates of deposit	(200,000)
Net cash used by investing activities	(188,350)
Net decrease in cash and cash equivalents	(202,350)
Cash and cash equivalents beginning of year	407,442
Cash and cash equivalents end of year	$ 205,092
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (39,235)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts receivable	1,738
Increase in accounts payable	268
Increase in incurred but not reported claims	23,229
Net cash used by operating activities	$ (14,000)
Reconciliation of cash and cash equivalents end of year to specific assets included on Statement of Net Assets:	
Cash and investments	$ 405,092
Less items not meeting the definition of a cash equivalent:	
Certificates of deposit	(200,000)
Cash and cash equivalents end of year	$ 205,092

See notes to financial statements.

GUTHRIE COUNTY

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

Assets	
Cash and pooled investments:	
County Treasurer	$ 853,064
Other County officials	26,510
Receivables:	
Property tax:	
Delinquent	31,659
Succeeding year	14,071,000
Special assessments:	
Delinquent	31,985
Succeeding year	97,979
Drainage assessments	3,544
Accrued interest	5
Prepaid expenses	7,757
Total assets	$ 15,123,503
Liabilities	
Accounts payable	$ 20,222
Salaries and benefits payable	1,565
Due to other governments (note 6)	15,042,756
Trusts payable	42,290
Compensated absences	16,670
Total liabilities	$ 15,123,503

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

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

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

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

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

The Prairie Woodland Conservation Foundation (formerly the Guthrie County Conservation Foundation) is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, part of the County. It is reported as a Special Revenue Fund. This Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations are to be used for development and enhancement of environmental education and conservation projects which are not included in the County's budget.

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The Guthrie County Historical Village Foundation (formerly the Turn of the Century Museum Foundation) is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, part of the County. It is reported as a Special Revenue Fund. This Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations are to be used for development and enhancement of museum projects and activities which are not included in the County's budget.

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

The County also participates in several jointly governed organizations for which the County is not financially accountable or the nature and significance of the relationship with the County are such that exclusion does not cause the County's financial statements to be misleading or incomplete. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Area XII Alcoholism and Drug Treatment Unit, Community Opportunities, Inc., South Central Youth and Family Services Commission, Area XII Council of Governments, Western Iowa Tourism, South Central Iowa Regional E-911 Service Board and the Guthrie County Regional Airport Authority.

B. Basis of Presentation

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those 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, proprietary, 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.

The Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal districts and used to pay the principal and interest on the tax increment urban renewal revenue bonds and other indebtedness incurred for urban renewal projects.

Additionally, the County reports the following funds:

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

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments 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 proprietary fund of the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

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.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months. The County had $200,000 in investments not meeting the definition of cash equivalents at June 30, 2009.

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.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent assessments receivable represents assessments which are due and payable but have not been collected. Succeeding year assessments receivable represents remaining assessments which are payable, but not yet due.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (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.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40-50
Improvements other than buildings	20-50
Infrastructure	30-65
Equipment	2-20
Vehicles	3-10

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, 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 and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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, proprietary fund 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, Rural Services 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 $3,822,438.

Note 1. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the non-program function, disbursements in the risk management department exceeded the amount appropriated prior to amendment of the appropriations and at year end, and disbursements in the TIF department exceeded appropriations at year end. In addition, disbursements of the Emergency Management Service, reported as an Agency Fund of the County, exceeded the amount budgeted.

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 Receivables and Payables

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

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Mental Health	General	$ 3,412

These balances resulted from the time lag between the dates that payments between funds are made as a result of an incorrect deposit.

Note 4. Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 78,294
	Special Revenue:	
	Rural Services	1,105,374
Fairgrounds Amphitheater	General	15,571
Conservation Land Acquisition	General	14,593
		$ 1,213,832

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

Note 5. 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	$ 1,306,735	$ -	$ -	$ 1,306,735
Construction in progress	120,000	438,584	178,500	380,084
Total capital assets not being depreciated	1,426,735	438,584	178,500	1,686,819
Capital assets being depreciated:				
Buildings	2,183,583	57,738	-	2,241,321
Improvements other than buildings	449,870	-	-	449,870
Machinery and equipment	6,268,851	603,469	25,250	6,847,070
Infrastructure	4,794,701	158,753	-	4,953,454
Total capital assets being depreciated	13,697,005	819,960	25,250	14,491,715
Less accumulated depreciation for:				
Buildings	1,134,295	57,503	-	1,191,798
Improvements other than buildings	26,041	22,116	-	48,157
Machinery and equipment	3,701,895	413,742	25,250	4,090,387
Infrastructure	257,579	171,197	-	428,776
Total accumulated depreciation	5,119,810	664,558	25,250	5,759,118
Total capital assets being depreciated, net	8,577,195	155,402	-	8,732,597
Governmental activities capital assets, net	$ 10,003,930	$ 593,986	$ 178,500	$ 10,419,416

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 56,547
Physical health and social services	22,125
County environment and education	63,843
Roads and transportation	484,157
Government services to residents	1,074
Administration	36,812
Total depreciation expense - governmental activities	$ 664,558

Note 6. Due to Other Governments

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

Fund	Description	Amount
Special Revenue:		
Mental Health	Services	$ 125,132
Agency:		
County Assessor	Collections	$ 579,231
Schools		7,912,302
Area Schools		297,792
Corporations		2,184,857
Townships		2,221,837
Auto License and Use Tax		215,191
County Hospital		1,255,185
All Other		376,361
Total for agency funds		$ 15,042,756

Note 7. Long-Term Liabilities

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

	Tax Increment Urban Renewal Revenue Bonds	Estimated Liability for Landfill Closure and Postclosure Care	Compensated Absences	Total
Balance beginning of year	$ 1,536,000	$ 290,489	$ 199,889	$ 2,026,378
Increases	-	-	182,029	182,029
Decreases	281,700	39,858	147,609	469,167
Balance end of year	$ 1,254,300	$ 250,631	$ 234,309	$ 1,739,240
Due within one year	$ 300,000	$ -	$ 174,663	$ 474,663

Tax Increment Urban Renewal Revenue Bonds

The County sold $1,735,000 of tax increment urban renewal revenue bonds dated November 27, 2001 to provide an economic development incentive to the Tall Corn Ethanol cooperative and for capital improvements in the Tall Corn Ethanol Urban Renewal Area. The County sold an additional $900,000 of tax increment urban renewal revenue bonds dated June 12, 2003 to provide capital improvements in the Tall Corn Ethanol Urban Renewal Area. The bonds are payable from the income and proceeds from a separate account within the Special Revenue, Urban Renewal Revenue Fund, and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for the purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County.

Interest on the bonds shall be adjusted to a rate per annum equal to the yield at "constant maturity" of the five-year U.S. Treasury Notes, plus 90 basis points, on December 1, 2011, December 1, 2016 and December 1, 2021. However, the interest rate may not be more than 2% higher or lower than the preceding rate and the adjusted rate may not exceed 8% per annum or be less than 4% per annum. The current interest rate is 5.48%. On December 1, 2005, and on each June 1 and December 1 as long as any of the principal of the bonds remain outstanding, to the extent there are proceeds remaining in the separate account within the Special Revenue, Urban Renewal Revenue Fund following each required payment of interest, such proceeds shall be applied to the payment of principal on the bonds. Since the interest rate and annual collections are variable, an amortization schedule is not included. Principal repayments of $281,700 were made during the year.

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 $222,741, $194,695 and $181,683, respectively, equal to the required contributions for each year.

Note 9. Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2009 were $177,511.

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

Note 9. Risk Management (continued)

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $20,000 ($50,000 for certain employees), 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. Employee Health Insurance Plan

The Guthrie County Employee Group Health and Prescription Fund was established to account for the self funding of the County's health insurance and prescription benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Auxiant, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $40,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Guthrie County Employee Group Health and Prescription Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Auxiant, Inc. from the Guthrie County Employee Group Health and Prescription Fund. The County records the plan assets and related liabilities of the Guthrie County Employee Group Health and Prescription Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2009 was $739,944.

Note 10. Employee Health Insurance Plan (continued)

Amounts payable from the Employee Group Health and Prescription Fund at June 30, 2009 total $168,633, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for catastrophic losses. That reserve was $241,788 at June 30, 2009 and is reported as net assets of the Employee Group Health and Prescription Fund. A liability has been established based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2008	$ 145,136
Incurred claims (including claims incurred but not reported at June 30, 2009)	660,209
Payments	636,712
Unpaid claims at June 30, 2009	$ 168,633

Note 11. Construction Commitment

The County has entered into contracts totaling $664,508 for bridge replacement projects. As of June 30, 2009, costs of $380,084 have been incurred against the contracts. The balance remaining at June 30, 2009 of $284,424 will be paid as work on the projects progresses.

Note 12. Landfill Closure and Postclosure Care

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a landfill closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and the care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirements is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate a landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Note 12. Landfill Closure and Postclosure Care (continued)

Governmental Accounting Standards Board Statement No. 18, effective for periods beginning after June 15, 1993, requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for Guthrie County have been estimated at $250,631 as of June 30, 2009, and that liability has been recognized. The liability represents the cumulative amount reported to date based on the use of 100 percent of the capacity of the landfill. The County has reserved $460,428 of its debt capacity to cover these costs.

Guthrie County operates a transfer station where the waste is transferred for disposal under a 28E agreement to a local area landfill. The County has dedicated $10,000 in a closure account to cover any possible closure and postclosure care costs.

Note 13. Emergency Management Lease Purchase Agreement

On July 15, 2008, the Emergency Management Commission, reported as an Agency Fund in this report, approved a lease purchase agreement for a vehicle. The agreement calls for 16 quarterly payments of $2,116 to be made through the year ending June 30, 2013, with an interest rate of 5.3%.

Details of the Emergency Management lease purchase agreement are as follows:

Year Ending June 30,	Principal	Interest
2010	$ 5,492	$ 855
2011	7,668	795
2012	8,083	380
2013	2,088	28
	$ 23,331	$ 2,058

Note 14. County Care Facility

On July 1, 1999, the County entered into a lease agreement with Country View Estates, Inc. for the management and operation of the Guthrie County Care Facility and farm. The renewable lease, through June 30, 2012, is cancelable upon notice by either party. Annually, the County will provide certain financial support for the operation of the care facility.

Required Supplementary Information

GUTHRIE 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	Less Funds not Required to be Budgeted	Net
RECEIPTS:			
Property and other County tax	$ 3,766,470	$ -	$ 3,766,470
Interest and penalty on property tax	40,657	-	40,657
Intergovernmental	5,002,682	-	5,002,682
Licenses and permits	31,131	-	31,131
Charges for service	409,945	-	409,945
Use of money and property	277,381	15,359	262,022
Miscellaneous	487,589	9,339	478,250
Total receipts	10,015,855	24,698	9,991,157
DISBURSEMENTS:			
Public safety and legal services	1,064,518	-	1,064,518
Physical health and social services	1,121,507	-	1,121,507
Mental health	1,233,396	-	1,233,396
County environment and education	1,237,926	27,016	1,210,910
Roads and transportation	4,925,362	-	4,925,362
Government services to residents	374,819	-	374,819
Administration	1,004,822	-	1,004,822
Non-program	77,144	-	77,144
Debt service	361,960	-	361,960
Capital projects	657,421	188	657,233
Total disbursements	12,058,875	27,204	12,031,671
Excess (deficiency) of receipts over (under) disbursements	(2,043,020)	(2,506)	(2,040,514)
Other financing sources, net	400	-	400
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,042,620)	(2,506)	(2,040,114)
Balance beginning of year	7,133,081	377,610	6,755,471
Balance end of year	$ 5,090,461	$ 375,104	$ 4,715,357

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
$ 3,794,463	$ 3,794,463	$ (27,993)
36,100	36,100	4,557
5,409,951	5,925,951	(923,269)
23,580	23,580	7,551
380,079	380,079	29,866
255,365	275,365	(13,343)
379,330	379,330	98,920
10,278,868	10,814,868	(823,711)
1,112,175	1,112,175	47,657
1,228,120	1,278,120	156,613
1,484,071	1,484,071	250,675
1,386,764	1,583,373	372,463
4,405,710	5,165,710	240,348
398,634	398,634	23,815
1,110,342	1,124,370	119,548
-	-	(77,144)
400,000	400,000	38,040
1,189,000	1,189,000	531,767
12,714,816	13,735,453	1,703,782
(2,435,948)	(2,920,585)	880,071
1,250	1,250	(850)
(2,434,698)	(2,919,335)	879,221
5,264,669	5,264,669	1,490,802
$ 2,829,971	$ 2,345,334	$ 2,370,023

GUTHRIE 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	$ 10,015,855	$ (34,100)	$ 9,981,755
Expenditures	12,058,875	(246,196)	11,812,679
Net	(2,043,020)	212,096	(1,830,924)
Other financing sources, net	400	-	400
Beginning fund balances	7,133,081	494,701	7,627,782
Ending fund balances	$ 5,090,461	$ 706,797	$ 5,797,258

See accompanying independent auditor's report.

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 $1,020,637. 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, and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the non-program function, disbursements in the risk management department exceeded the amount appropriated prior to any amendment and at year end, and the TIF department exceeded the amount appropriated at year end. In addition, disbursements in the Emergency Management Services, reported as an Agency Fund of the County, exceeded the amount budgeted.

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Other Supplementary Information

GUTHRIE COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue			
	Flood and Erosion	County Recorder's Records Management	Drainage Districts	Conservation Land Acquisition
Assets				
Cash and pooled investments				
County Treasurer	$ 28,199	$ 12,997	$ 13,591	$ 51,327
Held by component unit treasurers	-	-	-	-
Receivables:				
Accrued interest	-	17	-	-
Total assets	$ 28,199	$ 13,014	$ 13,591	$ 51,327
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Fund balances:				
Reserved for:				
Conservation purposes	-	-	-	51,327
Unreserved:				
Designated for closure and postclosure care costs	-	-	-	-
Undesignated	28,199	13,014	13,591	-
Total fund balances	28,199	13,014	13,591	51,327
Total liabilities and fund balances	$ 28,199	$ 13,014	$ 13,591	$ 51,327

Landfill Transfer Station Closure	Resource Enhancement and Protection	Canine	Attorney Seized Property	Sheriff Investigations	Fairgrounds Amphitheater	Work Release Program
$ 10,000	$ 72,212	$ 1,846	$ 1,253	$ 3,260	$ 15,409	$ 1,681
-	-	-	-	-	-	-
-	224	52	-	6	-	-
$ 10,000	$ 72,436	$ 1,898	$ 1,253	$ 3,266	$ 15,409	$ 1,681
$ -	$ 110	$ -	$ -	$ -	$ -	$ -
-	72,326	-	-	-	-	-
10,000	-	-	-	-	-	-
-	-	1,898	1,253	3,266	15,409	1,681
10,000	72,326	1,898	1,253	3,266	15,409	1,681
$ 10,000	$ 72,436	$ 1,898	$ 1,253	$ 3,266	$ 15,409	$ 1,681

GUTHRIE COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Healthy Activities/ Wellness	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Total
Assets				
Cash and pooled investments				
County Treasurer	$ 3,174	$ -	$ -	$ 214,949
Held by component unit treasurers	-	326,285	35,228	361,513
Receivables:				
Accrued interest	1	-	-	300
Total assets	$ 3,175	$ 326,285	$ 35,228	$ 576,762
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 110
Fund balances:				
Reserved for:				
Conservation purposes	-	326,285	35,228	485,166
Unreserved:				
Designated for closure and postclosure care costs	-	-	-	10,000
Undesignated	3,175	-	-	81,486
Total fund balances	3,175	326,285	35,228	576,652
Total liabilities and fund balances	$ 3,175	$ 326,285	$ 35,228	$ 576,762

See accompanying independent auditor's report.

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GUTHRIE COUNTY

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

	Special Revenue			
	Flood and Erosion	County Recorder's Records Management	Drainage Districts	Conservation Land Acquisition
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Charges for service	-	3,065	-	-
Use of money and property	-	125	-	-
Miscellaneous	-	-	-	-
Total revenues	-	3,190	-	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	74	-	-	-
Government services to residents	-	3,772	-	-
Capital projects	-	-	188	-
Total expenditures	74	3,772	188	-
Excess (deficiency) of revenues over (under) expenditures	(74)	(582)	(188)	-
Other financing sources:				
Interfund transfers in	-	-	-	14,593
Net change in fund balances	(74)	(582)	(188)	14,593
Fund balances beginning of year	28,273	13,596	13,779	36,734
Fund balances end of year	$ 28,199	$ 13,014	$ 13,591	$ 51,327

Landfill Transfer Station Closure	Resource Enhancement and Protection	Canine	Attorney Seized Property	Sheriff Investigations	Fairgrounds Amphitheater	Work Release Program
$ -	$ 15,477	$ -	$ -	$ -	$ 15,409	$ -
-	-	-	-	-	-	-
-	1,021	52	-	33	-	-
-	-	-	-	348	-	-
-	16,498	52	-	381	15,409	-
-	-	1,565	-	2,690	-	-
-	-	-	-	-	-	-
-	-	-	-	-	46,286	-
-	-	-	-	-	-	-
-	110	-	-	-	-	-
-	110	1,565	-	2,690	46,286	-
-	16,388	(1,513)	-	(2,309)	(30,877)	-
-	-	-	-	-	15,571	-
-	16,388	(1,513)	-	(2,309)	(15,306)	-
10,000	55,938	3,411	1,253	5,575	30,715	1,681
$ 10,000	$ 72,326	$ 1,898	$ 1,253	$ 3,266	$ 15,409	$ 1,681

GUTHRIE COUNTY

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

	Healthy Activities/ Wellness	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Total
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ 30,886
Charges for service	-	-	-	3,065
Use of money and property	8	14,708	651	16,598
Miscellaneous	250	5,889	3,450	9,937
Total revenues	258	20,597	4,101	60,486
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	4,255
Physical health and social services	166	-	-	166
County environment and education	-	22,604	4,412	73,376
Government services to residents	-	-	-	3,772
Capital projects	-	-	-	298
Total expenditures	166	22,604	4,412	81,867
Excess (deficiency) of revenues over (under) expenditures	92	(2,007)	(311)	(21,381)
Other financing sources:				
Interfund transfers in	-	-	-	30,164
Net change in fund balances	92	(2,007)	(311)	8,783
Fund balances beginning of year	3,083	328,292	35,539	567,869
Fund balances end of year	$ 3,175	$ 326,285	$ 35,228	$ 576,652

See accompanying independent auditor's report.

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GUTHRIE COUNTY

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

	County Offices		Agricultural	
	County Recorder	County Sheriff	Extension Education	Drainage Districts
ASSETS				
Cash and pooled investments:				
County Treasurer	$ -	$ -	$ 3,269	$ 980
Other County officials	21,973	4,537	-	-
Receivables:				
Property tax:				
Delinquent	-	-	343	-
Succeeding year	-	-	153,000	-
Special assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Drainage assessments	-	-	-	3,544
Accrued interest	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	$ 21,973	$ 4,537	$ 156,612	$ 4,524
LIABILITIES				
Accounts payable	$ 11,199	$ 3,680	$ -	$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	10,774	-	156,612	4,524
Trusts payable	-	857	-	-
Compensated absences	-	-	-	-
Total liabilities	$ 21,973	$ 4,537	$ 156,612	$ 4,524

Sanitary Districts	Sanitary Districts - Bonds and Interest	County Assessor	Special Assessments	Schools	Area Schools	Corporations
$ 2,676	$ 9,841	$ 249,243	$ 6,524	$ 158,732	$ 6,147	$ 71,743
-	-	-	-	-	-	-
2	-	772	-	15,570	645	11,114
10,000	-	346,000	-	7,738,000	291,000	2,102,000
-	-	-	31,985	-	-	-
-	-	-	97,979	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6,491	-	-	-	-
$ 12,678	$ 9,841	$ 602,506	$ 136,488	$ 7,912,302	$ 297,792	$ 2,184,857
$ -	$ -	$ 5,149	$ -	$ -	$ -	$ -
-	-	1,456	-	-	-	-
12,678	9,841	579,231	136,488	7,912,302	297,792	2,184,857
-	-	-	-	-	-	-
-	-	16,670	-	-	-	-
$ 12,678	$ 9,841	$ 602,506	$ 136,488	$ 7,912,302	$ 297,792	$ 2,184,857

GUTHRIE COUNTY

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

	Townships	Brucellosis and Tuberculosis Eradication	Auto License and Use Tax	Anatomical Gift, Public Awareness and Transportation
ASSETS				
Cash and pooled investments:				
County Treasurer	$ 17,493	$ 163	$ 215,191	$ 12
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	344	4	-	-
Succeeding year	2,204,000	2,000	-	-
Special assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Drainage assessments	-	-	-	-
Accrued interest	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	$ 2,221,837	$ 2,167	$ 215,191	$ 12
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	2,221,837	2,167	215,191	12
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	$ 2,221,837	$ 2,167	$ 215,191	$ 12

See accompanying independent auditor's report.

Advance Tax	County Hospital	Emergency Management	County Recorder's Electronic Transaction Fee	Tax Sale Redemption	Total
$ 41,226	$ 27,320	$ 42,063	$ 234	$ 207	$ 853,064
-	-	-	-	-	26,510
-	2,865	-	-	-	31,659
-	1,225,000	-	-	-	14,071,000
-	-	-	-	-	31,985
-	-	-	-	-	97,979
-	-	-	-	-	3,544
-	-	-	5	-	5
-	-	1,266	-	-	7,757
$ 41,226	$ 1,255,185	$ 43,329	$ 239	$ 207	$ 15,123,503
$ -	$ -	$ 194	$ -	$ -	$ 20,222
-	-	109	-	-	1,565
-	1,255,185	43,026	239	-	15,042,756
41,226	-	-	-	207	42,290
-	-	-	-	-	16,670
$ 41,226	$ 1,255,185	$ 43,329	$ 239	$ 207	$ 15,123,503

GUTHRIE COUNTY

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

	County Offices		Agricultural	
	County Recorder	County Sheriff	Extension Education	Drainage Districts
ASSETS AND LIABILITIES				
Balances beginning of year	$ 13,707	$ 8,835	$ 149,850	$ 5,224
Additions:				
Property and other County tax	-	-	152,554	-
Payments in lieu of taxes	-	-	35	-
State tax credits	-	-	7,204	-
Office fees and collections	213,505	41,945	-	-
Assessments	-	-	-	424
Auto license, use tax, drivers license and postage	-	-	-	-
Trusts	-	82,826	-	-
Miscellaneous	-	-	-	-
Total additions	213,505	124,771	159,793	424
Deductions:				
Agency remittances:				
To other funds	95,658	40,626	-	-
To other governments	109,581	424	153,031	1,124
Trusts paid out	-	88,019	-	-
Total deductions	205,239	129,069	153,031	1,124
Balances end of year	$ 21,973	$ 4,537	$ 156,612	$ 4,524

Sanitary Districts	Sanitary Districts - Bonds and Interest	County Assessor	Special Assessments	Schools	Area Schools	Corporations
$ 8,840	$ 9,841	$ 532,855	$ 125,751	$ 7,315,833	$ 281,739	$ 2,019,561
9,845	-	345,631	-	7,735,551	290,534	2,115,061
-	-	78	-	1,521	65	-
173	-	16,216	-	351,869	13,545	126,065
-	-	-	-	-	-	-
13,163	-	-	151,340	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
34,629	-	1,506	-	-	-	222
57,810	-	363,431	151,340	8,088,941	304,144	2,241,348
-	-	-	-	-	-	-
53,972	-	293,780	140,603	7,492,472	288,091	2,076,052
-	-	-	-	-	-	-
53,972	-	293,780	140,603	7,492,472	288,091	2,076,052
$ 12,678	$ 9,841	$ 602,506	$ 136,488	$ 7,912,302	$ 297,792	$ 2,184,857

GUTHRIE COUNTY

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

	Townships	Brucellosis and Tuberculosis Eradication	Auto License and Use Tax	Anatomical Gift, Public Awareness and Transportation
ASSETS AND LIABILITIES				
Balances beginning of year	$ 2,011,998	$ 2,138	$ 218,851	$ 20
Additions:				
Property and other County tax	2,156,944	1,699	-	-
Payments in lieu of taxes	62	-	-	-
State tax credits	35,149	85	-	-
Office fees and collections	-	-	-	-
Assessments	-	-	-	-
Auto license, use tax, drivers license and postage	-	-	2,761,540	-
Trusts	-	-	-	-
Miscellaneous	-	-	-	210
Total additions	2,192,155	1,784	2,761,540	210
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	1,982,316	1,755	2,765,200	218
Trusts paid out	-	-	-	-
Total deductions	1,982,316	1,755	2,765,200	218
Balances end of year	$ 2,221,837	$ 2,167	$ 215,191	$ 12

See accompanying independent auditor's report.

Advance Tax	County Hospital	Emergency Management	E-911 Debt Service Clearing	County Recorder's Electronic Transaction Fee	Tax Sale Redemption	Total
$ 30,146	$ 1,248,070	$ 36,283	$ -	$ 282	$ 207	$ 14,020,031
-	1,225,365	-	-	-	-	14,033,184
-	290	-	-	-	-	2,051
-	60,198	-	-	-	-	610,504
-	-	-	-	3,092	-	258,542
-	-	-	-	-	-	164,927
-	-	-	-	-	-	2,761,540
46,593	-	-	-	-	212,462	341,881
-	-	59,980	364,486	-	-	461,033
46,593	1,285,853	59,980	364,486	3,092	212,462	18,633,662
-	-	-	-	-	-	136,284
-	1,278,738	52,934	364,486	3,135	-	17,057,912
35,513	-	-	-	-	212,462	335,994
35,513	1,278,738	52,934	364,486	3,135	212,462	17,530,190
$ 41,226	$ 1,255,185	$ 43,329	$ -	$ 239	$ 207	$ 15,123,503

GUTHRIE 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	$ 3,767,873	$ 3,828,647	$ 3,802,059	$ 4,323,869	$ 3,761,829
Interest and penalty on property tax	40,657	36,273	36,024	45,264	48,267
Intergovernmental	5,001,927	5,395,127	4,321,738	4,846,202	4,750,377
Licenses and permits	30,886	42,774	34,663	33,363	31,344
Charges for service	418,793	437,255	454,336	446,516	422,087
Use of money and property	247,883	423,562	402,778	257,413	242,701
Miscellaneous	473,736	563,734	519,389	411,562	450,952
Total	$ 9,981,755	$ 10,727,372	$ 9,570,987	$ 10,364,189	$ 9,707,557
Expenditures:					
Operating:					
Public safety and legal services	$ 1,061,471	$ 969,016	$ 943,937	$ 864,607	$ 805,764
Physical health and social services	1,083,768	1,101,428	1,047,736	928,032	962,820
Mental health	1,246,897	1,275,031	1,280,659	1,153,323	1,221,325
County environment and education	1,218,400	1,508,011	1,111,342	932,812	1,058,489
Roads and transportation	4,782,064	4,024,581	3,330,808	3,423,614	4,675,573
Government services to residents	373,087	346,458	388,895	471,004	360,388
Administration	959,656	915,903	907,689	733,635	742,589
Non-program	77,143	12,300	-	-	940
Debt service	361,960	393,805	365,204	340,512	292,864
Capital projects	648,233	183,543	58,503	461,125	586,389
Total	$ 11,812,679	$ 10,730,076	$ 9,434,773	$ 9,308,664	$ 10,707,141

See accompanying independent auditor's report.

GUTHRIE COUNTY

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Natural Resources Conservation Services:			
Emergency Watershed Protection Program	10.923	FY 08	$ 15,523
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY 09	5,700
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS 39(50)	229,782
Iowa Department of Public Safety:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	08-157, Task 79	4,450
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Social Services Block Grant	93.667	FY 09	40,722
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778	FY 09	6,950
Social Services Block Grant	93.667	FY 09	3,458
Temporary Assistance for Needy Families	93.558	FY 09	5,275
Refugee and Entrant Assistance State Administered Programs	93.566	FY 09	9
Foster Care - Title IV - E	93.658	FY 09	3,181
Adoption Assistance	93.659	FY 09	767
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY 09	1,494
Children's Health Insurance Program	93.767	FY 09	44
			21,178
Iowa Department of Health:			
Public Health Emergency Preparedness	93.069	5889BT08	750

GUTHRIE COUNTY

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
Department of Health and Human Services (continued):			
Iowa Department of Health (continued):			
Immunization Grants	93.268	5888I433	$ 2,882
Immunization Grants	93.268	5889I433	1,999
			4,881
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	IADR1763	726,364
Emergency Management Performance Grants	97.042	FY 09	17,102
Total			$ 1,066,452

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Guthrie 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 Guthrie County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Guthrie 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 March 26, 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 Guthrie 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 Guthrie County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Guthrie 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, including deficiencies we consider to be material weaknesses.

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 Guthrie 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 Guthrie County's financial statements that is more than inconsequential will not be prevented or detected by Guthrie 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 Guthrie County's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guthrie 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 Guthrie 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.

Guthrie 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 Guthrie 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 Guthrie County and other parties to whom Guthrie 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 Guthrie 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
March 26, 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 Guthrie County:

Compliance

We have audited the compliance of Guthrie 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. Guthrie 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 Guthrie County's management. Our responsibility is to express an opinion on Guthrie 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 Guthrie 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 Guthrie County's compliance with those requirements.

In our opinion, Guthrie 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 Guthrie 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 Guthrie 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 Guthrie 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 Guthrie 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 consider item III-A-09 to be a material weakness in internal control over compliance.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Guthrie County and other parties to whom Guthrie 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
March 26, 2010

GUTHRIE 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) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.

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

(d) A material weakness in internal control over major programs was 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 an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:
- CFDA Number 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) Guthrie County did not qualify as a low-risk auditee.

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:

	Applicable Offices
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Ag Extension, Recorder, Sheriff, Transfer Station/ Landfill, 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.	Ag Extension, Recorder, 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. 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.	Recorder
(4) The custodian of County investments should be an employee separate from the person responsible for the detailed record-keeping of the investments.	Treasurer

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.

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

SIGNIFICANT DEFICIENCIES (continued):

II-A-09 Segregation of Duties (continued)

Responses –

Ag Extension – We are a small office with limited staff. We will continue to try to segregate duties.

County Recorder – We are a small office with limited staff. We will continue to try to segregate duties.

County Sheriff – The Sheriff has acquired a book to randomly record mail receipts on different days during each month so a check can be made to see that receipts are recorded and accounted for in the Sheriff's cash box.

County Treasurer – We will try to include more people in listing, collecting and depositing, although with people constantly on vacation or sick it is tough. Everyone signs checks in our office so it is difficult to remedy this problem. We will have to look at this and maybe try to make some changes. I will try and designate another person to take turns with part of the investments.

Transfer Station/Landfill – With normally only one office person on duty at a time at the Transfer Station it is not possible to have a check over the incoming funds. We do have the Treasurer's receipts returned to the Director's office for review to see the receipts are current. Also, funds that need not be funneled through the Transfer Station (such as the per capita city payments, etc.) do come directly to the Director's office as well. Beyond that it is difficult to do much to oversee the daily receipts.

Conclusion – Responses acknowledged. For those offices with limited staff, other County personnel could be used to provide additional control through review of financial statements. Also, the reviews performed by an independent person should be evidenced by initials or signature of the reviewer and the date of the review.

II-B-09 Financial Reporting – During the audit, we identified material amounts of receivables, payables, prepaid expenses, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements. In addition, we noted a receipt for $3,412 recorded in the General Fund that should have been recorded in the Special Revenue Fund, Mental Health.

Recommendation – The County should implement procedures to ensure all receivables, payables, prepaid expenses and capital asset additions are identified and included in the County's financial statements. The County should also develop procedures to ensure that all receipts are accurately recorded in the proper fund.

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future. We did make a corrective journal entry to correct the error on the Mental Health Fund receipt.

Conclusion – Response accepted.

GUTHRIE 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:

CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Award Year: 2009
Grant Number: IADR1763
U.S. Department of Homeland Security
Passed through the Iowa Department of Public Defense

III-A-09 Financial Reporting – During the audit, we identified material amounts of receivables not recorded by the County. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the non-program function. Disbursements in the risk management department exceeded the amount appropriated prior to amendment and at year end and the TIF department exceeded the amount appropriated at year end. In addition, the Emergency Management Services disbursements exceeded the amount budgeted.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Responses –

County Auditor – We will amend the budget when required in the future and appropriations will be watched more closely by the departments.

Emergency Management Commission – We will amend the budget when required in the future.

Conclusion – Responses accepted.

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 – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Darci Robson, employee, Son is owner of Double L Construction	Bridge removal	$47,300 (b)
Amy Badger, employee, Spouse is owner of Badger Sanitation	Garbage pickup, per bid	1,114 (a)
Cheryl Jensen, employee, Spouse is owner of Jensen Sanitation	Conservation garbage/sewer	1,430 (a)

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions designated with an (a) do not appear to represent conflicts of interest since the amount for each individual was less than $1,500 during the fiscal year.

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

IV-D-09 Business Transactions (continued)

In accordance with Chapter 331.342(4) of the Code of Iowa, the transaction designated with a (b) does not represent a conflict of interest since the employee was not directly involved in the procurement or any part of the preparation of the contracts.

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 Tax Increment Financing – The County's tax increment financing (TIF) debt certificate required by Chapter 403.19(5) of the Code of Iowa included the wrong amount of outstanding indebtedness. The County has also certified excess tax increment financing collections in one TIF fund. The County properly apportioned the balance of $77,164 of excess collections in this fund to the proper authorities.

Recommendation – The County should ensure accuracy when completing the TIF debt certificate. The County should develop procedures to insure that excess TIF collections are not certified and collected in the future.

Response – We will properly complete our TIF debt certificates in the future and we will insure the proper TIF collections in the future.

Conclusion – Response accepted.

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

IV-K-09 Credit Card Policy – The County has credit cards issued in the County's name for use by County employees. However, the County does not have a written policy regarding credit card usage.

Recommendation – The County should adopt and implement a credit card usage policy.

Response – We will consider adopting such a policy.

Conclusion – Response accepted.